beyond expectations. If one expects this environment of high realized vol to be short lived, the trade continues to make sense. If one expects it to be a continued paradigm, it might make sense to revisit holding this strategy.

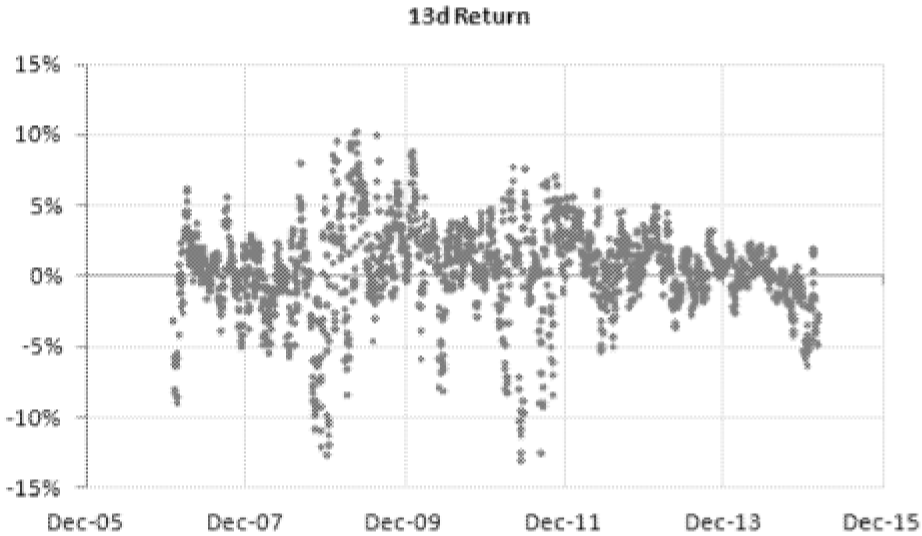
Trade date: 13-Jan
Valuation date for all the numbers below: 2-Feb
We have rounded various numbers for ease.

Index return since trade date: -4.7%

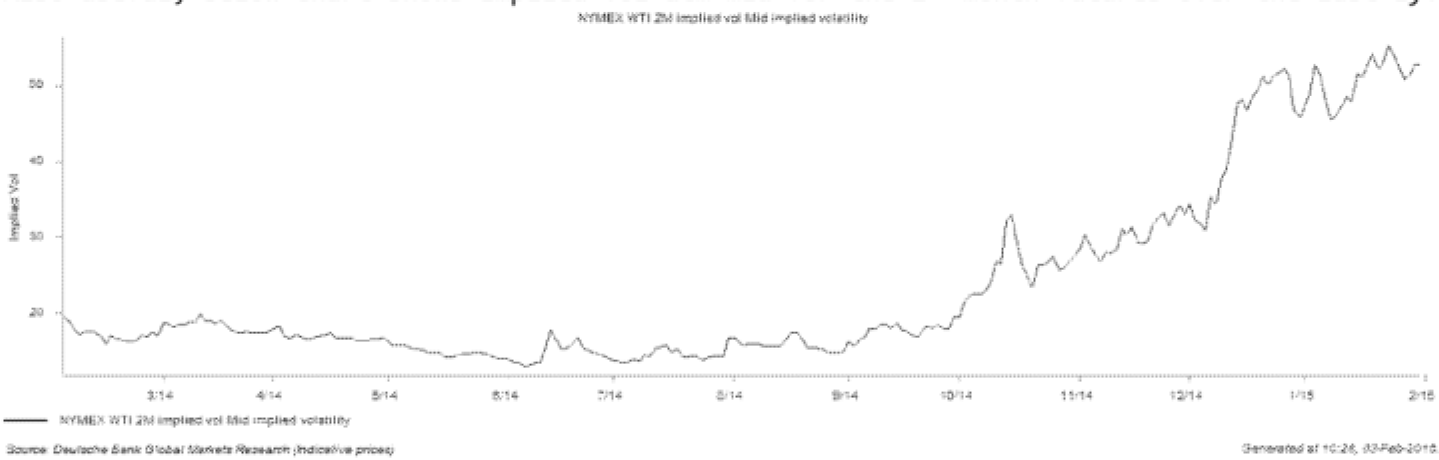
The index has lost money basically because realized vol has been much higher than implied. Some stats on this are below.

Contract	Vol strike	Strike Date	Realized vol	Implied - Realized	Current Implied
CLH5	60%	13-Jan-15	67%	-7%	81%
CLJ5	43%	13-Jan-15	65%	-22%	50%
CLK5	42%	14-Jan-15	61%	-20%	48%

This loss has occurred over a period of 13 Index Business Days. Looking back since index inception date, I tried to see how many times such a loss would have occurred over a period of 13 days. This 13 Index Business Day performance represents the 6th percentile. Here is a graph showing performances over a 13 day period:



Also useful, below chart shows implied vol atm mid for the 2nd month futures over the last 1y:



And below is the same chart over the last 10 years: