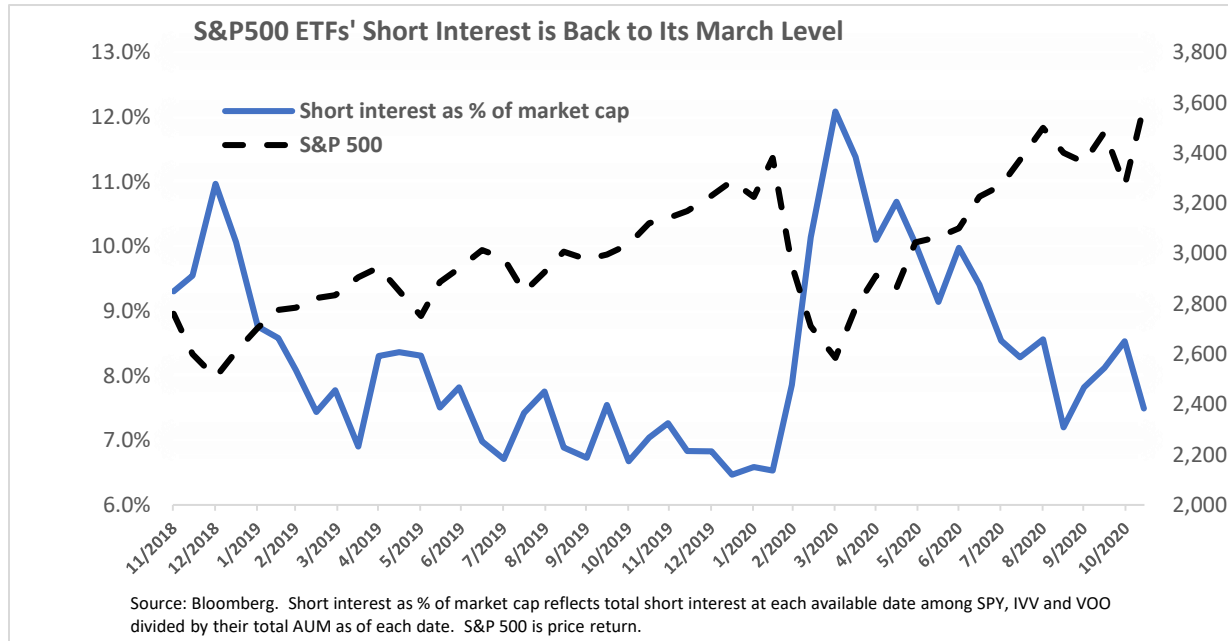


Harvesting Strategy Minute

Where Have All the Hedgers Gone?

It's often lonely protecting gains at the top. Just before stocks' September pullback, [short interest among S&P500 constituents was at 15 year lows](#). Similarly, our own chart, updated through today, shows that short interest in the big three S&P 500 Exchange Traded Funds (SPY, IVV and VOO) has fallen to levels last seen at the pre-pandemic market top.¹



Is a decline coming? Difficult to say, but managing risk via hedging means giving up some further upside in order to reduce potential losses from any decline. Stocks are hitting new highs now, but trends can change quite rapidly, as 2020 has demonstrated over and over. Hedges can also mitigate the tax and strategy impacts of selling assets and may [provide tax benefits](#) when properly implemented.

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¹ **Short interest** is the number of shares that have been sold **short** and are still outstanding, i.e. **shares borrowed** from other investors and sold into the market to be bought back and replaced at a later date. It is often perceived as an indicator of bearish sentiment.



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