

Hedge Fund ALERT

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Left Brain Leverages Early Returns

A wealth-management shop is touting sky-high returns for a hedge fund it launched last year.

Left Brain Capital, a fund-management affiliate of Left Brain Wealth Management of Naperville, Ill., began trading its debut fund in January 2016 with just \$1.3 million. Thanks largely to well-timed bets on high-yields bonds whose prices fell sharply early last year, Left Brain Capital Appreciation Fund posted a 2016 return of 134.2%, followed by a 19.2% gain in the first quarter of this year.

The fund's assets, meanwhile, have increased to a little more than \$10 million, and founder **Noland Langford** is endeavoring to build on the momentum. He and associate portfolio manager **Mark Hines** met with investors last week at **Context Summits'** capital-introduction event in New York. They also were on hand at Context's main-event conference in Miami in February.

As part of the marketing push, Left Brain recently established an outpost in Miami and hired investor-relations specialist **David Mullings** to solicit backers in Florida and the Caribbean.

To be sure, Left Brain isn't promising a repeat of last year's performance. The timing of the fund's launch coincided with a spike in volatility that allowed bond investors including Left Brain to snap up many issues at steep discounts to face value. Langford, the fund's portfolio manager, stepped up leverage to take full advantage of the buying opportunity.

But he plans to dial back gross exposure soon, in part by liquidating leveraged bond positions once they've exceeded a 12-month holding period. For tax purposes, Langford prefers to wait at least a year before locking in gains.

Going forward, Left Brain will aim for an annualized return of around 17%.

Left Brain Capital Appreciation Fund takes mostly long positions in both high-yield bonds and stocks, based on a combination of fundamental and technical analysis. It currently has about 30 positions.

At Left Brain Capital, Langford oversees a four-member investment team, and a total staff of eight — half of whom



also contribute to the wealth-management business. Left Brain Wealth Management, which Langford founded in 2014, was running \$78 million at yearend 2016. Most of the limited partners in Left Brain Capital Appreciation Fund are wealth-management clients.

Hines joined Left Brain last year. He previously managed a multi-billion-dollar portfolio at **Wespath Investment**, which runs money for the **United Methodist Church**.

Before starting his own wealth-management business, Langford worked as a financial advisor at **Merrill Lynch, Wachovia** and **Wells Fargo**. ❖