LAUNCHES MANAGERS EQUITY ETF

George Noble preps proprietary long/short ETF

Peter Lynch prodigy seeks to offset "everything bubble"

Reagan Haynes
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Fidelity investment veteran and former hedge fund manager George Noble has partnered with Toroso Investments for his first long/ short equities ETF.

The $8.2bn Massapequa, New York-based firm is eying an early September launch of the actively managed Noble X ETF, which seeks to provide exposure ranging from 100% short to 150% long.

After spending more than a decade out of the public eye when he closed his Gryfalcon hedge fund in 2009, the former Boston-based manager of the Fidelity Overseas Fund and outspoken Peter Lynch prodigy anticipates his new fund will provide a hedge against what he warns will be shocking market declines.

"What we're seeing eclipses every other bubble," said Noble in a recent podcast. "This is the biggest everything bubble I've ever seen in my career."

Noble, who cautions investors to know what they own and warns that the Fed's "wreckless monetary policy" will cause widespread market pain, is looking to capitalize on the shift from long to short as alternative ETFs continue to attract investors.

The fund's net exposure will reflect the view of George Noble LLC, the fund's subadviser, on changing macroeconomic factors including broad market conditions, economic trends, geopolitical conditions and economic cycles, regulatory documents reveal.

Noble will identify securities to purchase long for the fund through a top-down analysis of macro and micro economic factors, as well as a bottom up, company-by-company analysis of factors including price to earnings ratios.

The ETF may invest in the securities of US and international exchange-listed large-, mid-, and small-capitalization companies, and may include those in emerging markets as well as other ETFs that are sector-, market capitalization-, or geography-focused to seek to take advantage of tailwinds perceived by Noble.

The fund's positions comprise generally equity securities, ETFs, REITs and CEFs, depositary receipts, and MLPs, and may include investment-grade corporate bonds, convertible bonds and junk bonds.

Toroso's CIO Michael Venuto and Charles Ragauss are listed as co-PMs with Noble. No ticker or fees have yet been set.

"Interest in alternative investments is at an all-time high," Fuse Research relationship development director Craig Kilgallen told With Intelligence. "Given the market volatility now, I would imagine having a fund that can participate in the upside but also protect from the downside will be of interest."

Noble, who has more than four decades of investment experience, worked with investment legend Lynch at Fidelity between 1981 and 1991 before departing to start his own hedge fund firm, Teton Partners. The firm's hedge fund peaked at $1.2bn in assets and was closed in 1996 as performance lagged.

Gryfalcon hedge funds, which Noble launched in 2006, also closed in 2009 after losing 30% of assets when Noble became bullish too early before the financial crisis was fully unspooled. In an email to the WSJ, Noble called the closure of the funds, which had been returning 24% annually prior to 2009, “the most professionally disappointing and personally frustrating of my entire career.”

Noble speaks candidly about his mistakes timing that market in industry podcasts and is highly critical of financial news outlets, as well as notorious investors like Cathie Wood.

“Mr. Noble is quite opinionated and while he makes lots of good points after the fact, I do think it is much easier to criticize then it is to manage money,” Seton Hall finance director Mark Schild told With Intelligence. “I think his style may work, but you need to know what you are getting into – active management costs much more than passive. As a hedge his style of active management could work but I would like to see it work before I put any money into this fund.”

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