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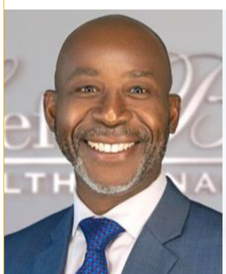


NOLAND'S Notes

Creating, Building, and Preserving Wealth

What did 2020 tell us about investment opportunities? How does 2020 inform Left Brain's investment strategies for 2021? CEO Noland Langford analyzes the investment landscape of the past year, evaluating the events and dynamics of 2020 from the unique perspective of our Left Brain Lens. Then, he looks forward, offering expert insights on the economic factors that will shape investment opportunities in the year to come.

2020 RE-CAP / 2021 OUTLOOK

For those of you who are new clients or those who are reading this note for the first time, let me explain Noland's Notes: each year I sit and write you a note. In it, I analyze the prior year in my own words, so that you have an idea of the environment in which we have managed your accounts. I also offer my views of the investment landscape as we enter the New Year. Our brief discussions we have throughout the year do not permit me time to express to you all of my thoughts and market analysis. My hope is that in the 20 minutes (or so) that it takes you to read my note, you will gain a better feel for how we, here at Left Brain Wealth Management, view the present investment climate and our general thought process of how we discover winners in the ever-changing investment markets. ***Welcome aboard (or welcome back) and I appreciate your feedback!!!!***

Though this note was written with you in mind, feel free to send it to your inner circle of family, relatives, or friends, should you think it appropriate. This letter offers a good introduction to the philosophy and "feel" of our work, should you wish to introduce Left Brain to your circle.

Let's Get Started!

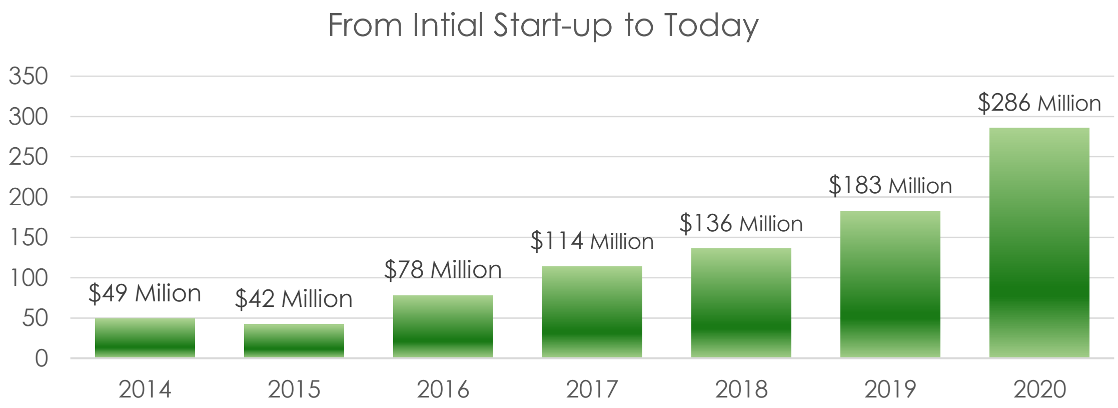
Here are the official returns from 2020

INDEX	CLOSE PRICE	RETURN (%)
DOW JONES IND. AVE. (U.S. STOCKS)	30,606.48	+6.56%
S&P 500® (US. STOCKS)	3,756.07	+15.52%
RUSSELL 2000 (SMALL COMPANIES)	1,974.86	+18.67%
NASDAQ	12,888.28	+44.92%
MSCI EAFE® (INTL STOCKS)	2147.53	+8.29%
MSCI EMERGING MARKETS	1291.26	+18.69%
MSCI US REIT (REAL ESTATE)	1136.61	-7.57%
AGGREGATE U.S. BOND INDEX	118.19	+8.14%
GOLD (PER OUNCE)	1891.10	+24.17%
OIL (PER BARREL)	48.63	-20.36%
LBCA MASTER FUND	**—**	**191.20%**

(Source: S&P Dow Jones Indices, FTSE Russell, Nasdaq, MSCI, S&P U.S. Aggregate Bond Index, S&P GSCI Gold, S&P GSCI Crude Oil)

(For those of you wishing for the abridged version of this note, feel free to jump straight to the summary which starts on page 9. For everyone else, we have lots to discuss, since it has been a whole year. And, what a year it has been. So, let's jump right in!)

LEFT BRAIN ASSETS UNDER MANAGEMENT (AUM)[1]



MY, MY, MY: WHAT AN INVESTMENT YEAR 2020 WAS!

As 2020 *started* we, at Left Brain, felt very optimistic about the investment climate and our ability to find winners and make money for investors. As 2020 *ended,* we again felt very optimistic about the investment climate and our ability to find winners and make money for investors. It was those middle months (March-June) that made us question our sanity!

If we were to jump in a "wayback machine" and return to February 2020, who would have guessed the events to come? These include COVID, quarantines, the loss of loved ones, along with many other challenges society has faced. If we had those facts beforehand, it would have been no surprise to witness the historic sell-off early in the year that affected all investment markets (bonds included). Suppose a little birdie sat on your shoulder and whispered all of these facts to you. Further suppose you verified the information from Tweety, so you knew with 100% certainty that the worldwide economy would come to a complete shut-down and the market charts would look like they took up cliff diving. Now, ask yourself: would you have (1) stayed invested? (2) added to your investments? or (3) liquidated BEFOREHAND?

Here is the moral of the story: If you would have done (3), you would have likely missed out on one of the most profitable investment opportunities of all time! We have always stated that "in the markets you either get good news, or cheap prices — rarely both." In 2020, with terrible news came terrific prices. With the good news of vaccines leading to a recovery from the pandemic comes rising prices. Not everything is pricey, but everything worth owning is pricier than what it was 12 months ago, when it looked like no relief was possible from the constant barrage of bad news.

History has shown that when these opportunities present themselves (examples: Tech bubble crash of 2000, Real Estate crash of the late 90s, The Great Recession of 2008-09), an almost foolproof way to reap handsome profits *eventually* is to plant seeds when the soil is most fertile. The soil is most fertile

[1] Combined Assets Under Management (AUM) of Left Brain Wealth Management and Left Brain Capital Management

when it is covered in crisis/panic. More often than not, planting (investing) during a storm (recession, sell-off) requires looking beyond present challenges to a future of opportunity! In 2020 Left Brain did plenty of planting: We established our permanent office in Miami (Brickell House). We launched Left Brain Real Estate. We hired a Creative Director to bring you more content. Left Brain Investment Research dramatically increased its content, research staff, and subscriber count.

Much has happened since our founding in 2014, when the firm opened with a single ambitious investment advisor and his trusting and loyal assistant - Marina Solomon. Left Brain is now a rapidly growing enterprise with many capable investment professionals and expanding capabilities. We couple innovative technology (like Jarvis, our proprietary security evaluation application) with a growing team of professionals around the globe. The team stands ready to assist in helping our clients create, build, and preserve their net worth. We are now a firm that combines our ambition with matching capabilities.

Seeing the Opportunity

As we enter 2021 markets may change, but one thing is certain: We are optimists. We see opportunity in change. There are good reasons why we are solidly optimistic. When the history of this period is written, the rebound in investment markets will be a footnote. The defining story will be the societal shifts COVID accelerated. Stuck at home, we were forced to become introspective. Out of that shared introspection came a unifying wish: the wish to change the quality of our lives. This not only changed the way we spend, but also initiated a major shift in the way we view our work lives. Yes, *how* we want to live has changed. But ***where*** we want to live is the bigger change.

It seems that people are on the move everywhere. City dwellers are moving to the suburbs. People from high-tax states are moving to lower-tax states. **This is the Great Migration**! But nowhere is the movement stronger than in the pull to South Florida. People are moving to South Florida from the West (California/Silicon Valley), The Northeast (New York, New Jersey, Boston, etc.), and just about everywhere else, too.

And who could blame them? Left Brain were trendsetters when we planted our flag in Miami back in 2015. This trend is why we have purchased our Miami offices and have aggressively recruited staff. This trend has driven us to establish Left Brain Real Estate. Next time you are in Miami, be sure to give us a call!

As we start 2021, we all feel the pent-up demand for the day-to-day lives and conveniences we once took for granted. The time we have spent locked in has us all eager to let loose! With widespread vaccinations, expectations are that consumer spending will increase dramatically. Some spending will increase out of desire (travel, cars, clothes, jewelry, furniture), while other spending will increase out of necessity (Technology, Energy, Healthcare). We do not need a fortune teller with a crystal ball to predict a significant uptrend in spending in the immediate future. Spending should flow to a variety of areas. We know governments will be spending. We know that corporations should be spending (investing). Economic recovery was a second priority to eliminating the pandemic. With the promise of a return to normal, the pace of economic expansion will retake priority status for Central Banks.

Our View: Optimism.

The combination of the drive to bring businesses back to pre-pandemic productivity, paired with a landscape of attractively priced companies with increasingly profitable business models, creates a recipe that we consider favorable for attractive returns in 2021.

So, yes, Noland's Notes 2021 are optimistic for economic and personal recovery.

Most of all we are optimistic for our trusted clients and investors and your success, as we help you continue to build, grow, and preserve your wealth.

SIZING UP THE INVESTMENT CLIMATE

I am often asked what I think of the current investment climate. We think it is important for you to understand how we size up the investing landscape at any given time. This is the lens through which we view the investment climate: The Left Brain Lens. The lens (our decision process) never changes, but quite often, the landscape we see through that lens does change. Here is what we see through the Left Brain Lens for 2021:

(1) INTEREST RATES

As we entered 2020, interest rates were trending lower. With the Federal Reserve bank ("the Fed") having cut interest rates three times in 2019, we entered 2020 with a favorable interest rate backdrop. We are facing an almost identical set of interest rate circumstances today as was mentioned in last year's notes. The paradox is this: economic indicators are already pointing to a strong recovery, but because of the economic destruction caused by the health crisis (COVID-19), the Fed and our government both stand ready and willing to *stimulate*, *stimulate*, *stimulate* anyway.

Beyond the very short-term, we can hardly fathom interest rates remaining this low for much longer, especially longer-term interest rates that investors control, not the Fed. As evidence of a strong economic expansion continues to stack up, it makes sense that the Fed could be forced to let interest rates take a more natural course. It is our sincere hope that the reversal of the 40-year trend of falling interest rates unwinds gradually.

Our view: As investors become more comfortable that the economic recovery is real, we expect that they will demand a greater return on their investments. It might be at this point that investors will start seeking higher returns than what money markets and other "safe places to hide" offer. Once they start selling, there could be a growing appetite for higher returns from riskier assets! This is the intention of Fed policy, but the result could be a rise in rates.

We are calling the interest rate environment **<u>Unfavorable</u>**, beyond the very short-term.

(2) INFLATION

When investors speak of inflation, they are generally referring to the consumer price index (CPI). As we consider the components that make up the CPI, we see they line up well with the economic areas that the new Biden administration is targeting for investment. The increase in spending in Housing, Energy, and Infrastructure, could lead to a spike in inflation over the coming years. Therefore, we are paying close attention to potential inflation!

We expect the restart of economies worldwide to provide a natural boost to housing, as the migration trends we mentioned above also take hold, in the wake of the recovery from COVID-19. Housing itself can be a powerful jumpstart to the economy. Though residential housing investment represents just 3-5% of the Gross Domestic Product (GDP)[2] it has a multiplier effect from the furniture purchases, trips to Target, trips to Home Depot, hiring of contractors, etc.

There is one area that could potentially cause a large spike in inflation readings: energy prices. We are paying special attention to the major commodity markets for updates on the supply/demand dynamics for all the major commodities, including industrial metals. But we pay especially close attention to Black Gold (Oil)! The most recent energy spike occurred in the mid-2000s (oil prices climbed from $32 per barrel in February 2004 and $53 per barrel in January 2007 to $145 per barrel in July 2008). What concerns us, as we consider the possible direction of oil prices, is the historic lack of reinvestment in the oil patch (see below).

The political and investment climates are increasingly stacked against the fossil fuel industry. Institutions, endowments, pension funds, retirement funds, etc., have slowly been disassociating themselves with "Big Oil" and fossil fuel investments. They have been making the breakups public by selling their shares in oil/gas companies. Not only have outside investors waved the white flag here, but so too have the energy companies themselves! We have observed a severe decrease in investment in new oil/gas discoveries by many of the energy companies we follow. On nearly every energy company earnings call, we seem to hear a similar refrain that sounds something like this: "We will be living within cash flow. Our capex costs are trending lower."

Worldwide investment in oil and gas discovery had already been depressed from 2016-2019, averaging $753 billion per year (down from an average of $976 billion per year from 2010-2015). COVID has worsened this trend, with The International Energy Agency (IEA) estimating 2020 worldwide oil/gas investment at just $588 billion, a 32% year over year drop.[3] Further, Rystad Energy notes that this level of investment is a 13-year low, which corresponds to the year right before the last price spike in 2008.[4] While we cannot predict a return to 2008 pricing, we can certainly imagine this severe underinvestment in our oil fields, equipment, pipelines, etc., could potentially lead to much higher oil prices in the years ahead.

With the data we are seeing, combined with the trillions in government and central bank stimulus, it seems clear that we are at the beginning of a powerful economic global restart. The economic

2 https://www.nahb.org/News-and-Economics/Housing-Economics/Housings-Economic-Impact/Housings-Contribution-to-Gross-Domestic-Product
3 IEA (2020), World Energy Investment 2020, IEA, Paris https://www.iea.org/reports/world-energy-investment-2020
4 https://oilprice.com/Energy/Oil-Prices/Oil-Markets-Could-Soon-Face-A-Devastating-Supply-Crunch.html

environment is being fertilized for seeds to grow. Under the right conditions those seeds grow to be a lot of fruit and limited inflation. Under the wrong conditions, those seeds could turn into a whole lot of inflation and not so much fruit.

Here at Left Brain, we are aware of inflation when we design your investment portfolio. The investment markets expect inflation and the prices of many inflation-related securities have risen dramatically to start 2021. The Federal Reserve Board is determined to avoid economic contraction, which is why they are spending trillions stimulating the economy. This action carries with it the very real risk of inflation.

Therefore, we are calling the inflation environment Unfavorable.

(3) EARNINGS

As 2021 begins, Wall Street analysts are modeling earnings for the S&P500 of $177 for 2021 per share.[5] On that basis, the S&P 500 currently trades at an implied forward Price-to-Earnings (P/E) ratio of roughly 22x (based on February 24 close price). Every year, many of the brand name Wall Street firms will publish a target year-end price level for the S&P 500, while also releasing their estimates of the earnings for the S&P. I imagine that gives them rationale for their opinion on whether the markets are overvalued, undervalued, or fair valued today. Here at Left Brain, you will not see us guessing at earnings or valuation for the overall market; rather, we remain laser-focused on studying world-class individual businesses.

Rather than follow the Wall Street herd and evaluate stocks on a Price-to-Earnings basis, we prefer to use Price-to-Sales (P/S) as our standard valuation metric. This is why: modern companies built to win in today's marketplace will generally not produce income statement earnings (think profits) until they are mature. The reason for this is that high growth businesses reinvest any profits to continue feeding the growth of the business. Our experience tells us that once such companies reach maturity, the life changing type share price gains are likely long past. For faster-growing companies, like the type we usually prefer, income statement earnings can fail to give a clear view of a company's likelihood to generate significant investment returns. Though sales is not a perfect metric, a company that is growing sales organically at healthy rates is the best indicator of future stock performance. With all the stimulus money already in the economy, coupled with the pent-up demand from the COVID lockdowns, we see an environment where quality companies should be able to grow both sales and profits.

We are calling the earnings environment Favorable.

(4) VALUATIONS

There has been plenty written about how stock prices of today trade in relation to historic prices. A very popular measure is the CAPE ratio (Cyclically Adjusted Price-to-Earnings). Here at Left Brain, we question whether traditional valuation metrics can be applied accurately today. Consider that

5 https://www.yardeni.com/pub/sp500analycons.pdf

there is no historical precedent for 10-year Treasury rates of approximately 1.5%, accompanied by a Federal Reserve pushing stimulus into an already expanding economy. Investors will also need to consider the alternatives for investment (10-year treasury bonds yielding 1.5%, Money Markets hovering around 0.5%, and gold at roughly $1800 per ounce) and they look awful! We continue to find opportunities not only in turnarounds and special situations, but also with traditional fast-growing enterprises (our favorite type of business).

We are calling valuations Favorable.

The USA – Still an Attractive Investment

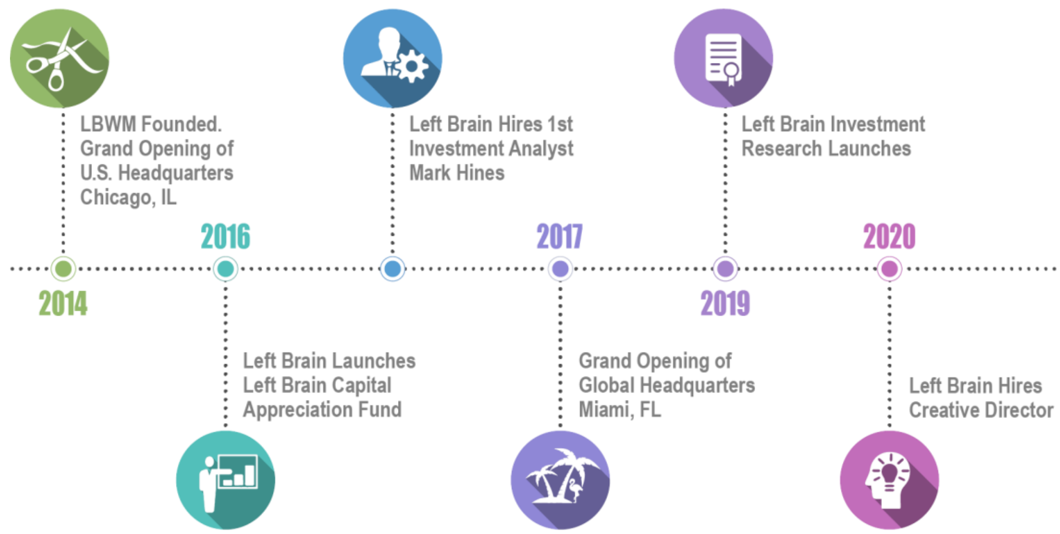
As we set about our work of locating and evaluating opportunities to purchase securities that can appreciate substantially, we are gaining conviction that investment markets are poised to produce attractive gains for investors in the year(s) ahead. From the universe of investment ideas in which investors can participate, few have the potential to produce handsome gains in such a short period, than do emerging markets securities. Both stocks and bonds of companies (and governments) located in fast-growing economic environments can generate adrenaline-producing returns for investors. But there is a tradeoff: economic and political conditions in these environments are far less stable than those in the developed world. Emerging markets investments carry nerve-racking risks of unexpected shocks like currency/capital controls or political system collapses.

Many advisors and investors gravitate toward international markets for diversification away from the US Dollar, in an attempt to produce steadier returns. Others argue that quality businesses are available at more attractive prices than US-based companies, as fewer investors are fishing in these waters.

We find it hard to argue with data from Jarvis (our Securities Evaluation Application software) that show us plenty of potential opportunities for significant stock price appreciation, both at home and abroad. Though we at Left Brain do follow a significant number of companies overseas and we do recognize some solid opportunities overseas, we usually prefer to keep the bulk of our investments in the "good ol' U-S-of-A".

We would offer a slightly different view of emerging markets: Small Cap stocks in the US appear to be emerging themselves after many years of underinvestment. Companies in the Russell 2000 index show great promise to deliver outsized returns in their own right, without the economic and political risks associated with emerging markets. International stocks are cheaper, but because of these risks, they should be! More directly, as we look at opportunities on our own shores, we view US small company stocks as our preferred way to participate in the emerging economic good times in 2021 and beyond!

LEFT BRAIN MILESTONES AND LEGACY



SUMMARY

As we evaluate the current economic conditions before us and consider how the companies that we follow and recommend are positioned, we cannot help but smile. It is amazing to think that markets are making new all-time highs after hitting unimagined new lows this time in 2020. The 2020 experience shows why investors should be forever looking through the windshield, rather than looking to a crystal ball.

There are plenty of attractive investment opportunities, especially considering the trillions of stimulus dollars that governments and Federal Reserve boards have unleashed, worldwide. The underinvestment by companies, along with our expectation for increased household spending, should lead to a healthy economic environment.

One of the areas of the investment markets which has really caught fire has been the market for Initial Public Offerings (IPOs). The Renaissance IPO Index posted a return of 108% in 2020. For many investors, this may evoke memories of the 80s and 90s IPO boom, which notably created many millionaires from company stock and stock options. Remember, the last sustained bull market of 1982-99 corresponded to that IPO boom and we see a potential analogy in today's market. Note: The S&P 500 climbed from 122.55 in at the beginning of 1982 to 1469.25 at the end of 1999, which, including dividends, turned each $1 into nearly $22 at an average annual total return rate of roughly 18.9%!

Though we think the stars are potentially aligned for Emerging Markets securities to post fortune making returns, we feel comfortable keeping our monies stateside. In the US, we favor the Semiconductors, Small Caps, and Software sectors for 2021. I cannot help thinking this is the year that the Energy sector finally joins the bull market. If you have friends or colleagues that would like to keep up to date with our individual picks through 2021 onward, feel free to recommend that they sign up for a subscription to Left Brain Investment Research at www.LeftBrainIR.com.

As always, no matter what the markets may bring, we will be here looking for opportunities to help you create, build, and preserve your net worth!!!

Investing involves risk, including the possible loss of principal and fluctuation of value. Past performance is no guarantee of future results.

This letter is not intended to be relied upon as forecast, research or investment advice, and is not a recommendation, offer or solicitation to buy or sell any securities or to adopt any investment strategy. The opinions expressed are as of the date noted and may change as subsequent conditions vary. The information and opinions contained in this letter are derived from proprietary and nonproprietary sources deemed by Left Brain Wealth Management, LLC to be reliable. The letter may contain "forward-looking" information that is not purely historical in nature. Such information may include, among other things, projection and forecasts. There is no guarantee that any forecast made will materialize. Reliance upon information in this letter is at the sole discretion of the reader.

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Additional information about Left Brain Wealth Management, LLC is available in its current disclosure documents, Form ADV, Form ADV Part 2A Brochure, and Client Relationship Summary report which are accessible online via the SEC's investment Adviser Public Disclosure (IAPD) database at www.adviserinfo.sec.gov, using SEC # 801-113256.

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