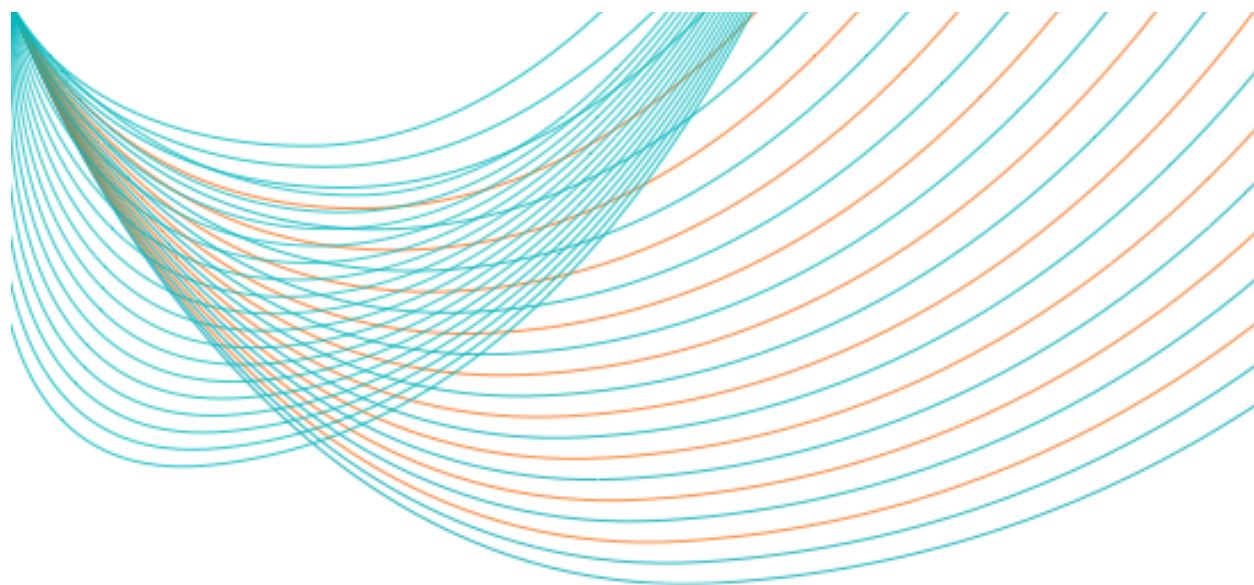


HEARD CAPITAL

NIMBLE | THOUGHTFUL | DELIBERATE

PRESS RELEASE

OPALESQUE New Managers



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OPALESQUE'S EMERGING MANAGER MONITOR

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Profiles

New Managers | Issue 17 | June 2013

Heard Capital: It is better to be nimble, thoughtful, and deliberate**William Heard**

Here is a Chicago-based specialist who believes in knowing his stock intimately.

[Heard Capital LLC](#) is a global fundamental long/short sector investment manager located in Chicago, IL. The fund,

Heard Opportunity Fund LLC, seeks risk adjusted returns in telecom, media, technology, financials, industrials and energy sectors by investing in equities, fixed income and options securities trading either above or below intrinsic value.

Launched in July 2011, it is up 15% so far this year (to end of May), and has annualised around 9.6%. It currently features in Opalesque's [Emanagers database](#).

[William Heard](#), CIO and founder, manages the fund; prior to this, he was a Special Situations Analyst for Stark Investments, a global alternative investment firm. (As an aside note, [Stark Investments started](#) winding down all the funds it had acquired from Deephaven in April this year after assets had fallen by 85%; and its multi-strategy fund was closed in 2012.) Heard is now dealing with the same six sectors he was dealing with back then, namely telecom, media, technology, financials, industrials, and energy.

The thesis is that that being deep and narrow works better than trying to be a generalist, he told Opalesque, and added: "The latter is just too much, given how fast markets move."

"Everything we do is bottoms-up, fundamental, unit-based economics. We really look for situations that are misunderstood in the sense that there is some looming debate that needs to be resolved; what we are able to do differently is build a fact pattern quicker, because we are sector specialists and don't look for relative value."

The Heard Capital team consists of two investment professionals, a chief of staff, a chief operating officer and a marketing individual.

Among his sectors, Heard says, technology and energy have probably been the laggard so far. But media, telecom, and industrials have done well. The winning bet hitherto this year was in the energy sector, as the fund owns a stock in Lufkin, an oil-pumping equipment maker. The fund owns other oil service companies.

"The United States has made a pretty clear decree that that we won't need foreign oil," Heard comments, "so

with that said, there is going to be a whole lot more capital spending, which means that the oil service companies should be the beneficiary."

The fund is global, although it seeks to invest in securities that are U.S.-domiciled and which apply GAAP accounting.

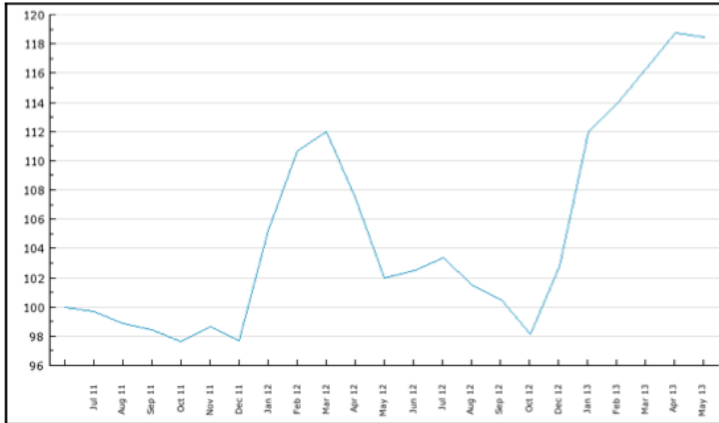
Heard Capital is security agnostic. When asked to expand on that, Heard says "we try to understand the interrelationship between the fixed income equity market and the options market, and from there we triangulate and try to find the best risk reward scenario. So if the fixed income markets are mispriced, arguably that would imply that there is probably a misunderstanding on the equity side, which means there is probably a misunderstanding somewhere in the option market. My job is to look at a situation, figure out what's the best risk reward amongst all the securities and then trade accordingly."

The fund has a long bias as, according to Heard, there is nowhere else to put money right now; "you can't put money in fixed income market and get yield. So you have to take every risk."

It has a few Chicago-based anchor investors such as the Stafford family and John Canning of Madison Dearborn, and manages \$10m, with more capital in the pipeline.

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Heard Opportunity Fund, performance since inception.

"As our website says, we think it's better to be nimble, thoughtful, and deliberate, Heard concludes. "We have done this before and we plan to be around... And that's the beauty of being a sector specialist, you are not betting on valuation, like you are betting on being right, as it relates to an outcome or thesis. That's our competitive advantage; we know what we own and we know it intimately."

- *Benedicte Gravrand*

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