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Cazenovia-based brokerage unfazed launching a fund in rocky times

Cazenovia-based Leigh Baldwin's mutual fund doing better than many.

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By Charley Hannagan

Staff writer

Leigh Baldwin is either brave or nuts.

He set up the Leigh Baldwin Total Return Fund in what may be the worst stock market since the Great Depression.

"You know people would think you were crazy," he said. "Why would you start a stock mutual fund in the worst market since 1939? I'd say that's more of the reason to do it. People are looking for things to work and I'm very confident this will work or we wouldn't have done it."

That's not to say it's been easy. The fund, which trades under the ticker symbol LEBOX on NASDAQ, launched Aug. 1. Like so many other funds, it has lost money, about 2 percent since inception. The Standard & Poor's 500 is down more than 30 percent in that time period.

"We've certainly been tested," Baldwin said.

The new mutual fund is another step in the evolution of Leigh Baldwin & Co.

Baldwin graduated from Colgate University in 1983 with a bachelor's degree in economics, and has been involved in the investment business since 1989. Two years later, as a broker dealer, he started Leigh Baldwin & Co., which rode the tide of day trading.

The Cazenovia firm moved away from day trading five years later and embraced the discount stock brokerage model. It built a brokerage network that now has 120 independent representatives located throughout the Northeast.

The company dropped discount from its name in 2001, reflecting a move to a client consulting role, Baldwin said.

The thought of creating a mutual fund rattled around in his head for several years before he acted on it, Baldwin said. It took a year of moving through U.S. Securities and Exchange Commission regulations to set up the mutual fund that went live this past summer, he said.

"I think timing is everything, right?" he joked. "You can't control the timing, you can't control the markets and the economy and how it all comes together."

The fund's strategy is to make money in three ways: by buying stocks in large companies that will appreciate in value, to earn dividends from those stocks and to have insurance in the form of

options to protect against losses.

The fund's holdings include stocks that are well-known to the average person, such as Disney, DreamWorks and DuPont. Initial investment is \$1,000.

A conservative at heart, Baldwin said he wanted to create a fund that would reflect well on his firm, and where he could park college funds for his three children and his retirement money.

He calls it

"a mowing-the-lawn investment. Because on the weekend when you're home mowing the lawn, you're still going to be earning interest," Baldwin said.

The fund's strategy is designed to do well in a falling market or a sideways market, he said.

"Where we will trail is if you have a raging bull market or if you have a market that's wildly volatile, which goes up and down, which we've seen, then it will hurt our performance," Baldwin said.

Even though it has lost money, the fund is outperforming others in its group, he said.

New mutual funds will likely find it a challenge to attract investors in the current market, said Mitch Franklin, who teaches financial planning as an assistant professor at the Whitman School of Management at Syracuse University.

Investors aren't sure where the market is heading, he said. "Everybody's scared of everything," Franklin said.

However, coming out with something new might inspire investors to get into the market, he said.

"There still are people calling about opening mutual funds," said Greg Getts, owner of Mutual Shareholder Services in Cleveland, which acts as the transfer agent and does accounting work for 100 mutual funds, including Baldwin's.

About twice a month, someone interested in opening a mutual fund calls him, Getts said. That's about twice the volume of last year, he said.

Baldwin points out that other larger mutual funds such as Putnam Investments, created in 1937 also were founded in poor economic times.

Now's a great time to invest, he said. "Whenever there's chaos in the market and it presents opportunities, you can buy stocks at their book value," Baldwin said.

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