

Plattsburgh

STATE UNIVERSITY OF NEW YORK **magazine**

Making Cardinal Connections

The Adirondack Fund: A Success Story

Gregory Roeder '87 and Matthew

Reiner '85 never knew each other in college. They met years later through mutual SUNY Plattsburgh friends, bumping into each other at weddings, parties and even on a bus heading to downtown Albany.

Then they learned they were both planning to take the same certification test,

which would allow them to be chartered financial analysts, and they wound up studying together.

Years later, in 2004, Roeder started Adirondack Research & Management Inc., after spending 18 years in the financial services industry.

Reiner joined the company in 2005 as the principal and portfolio manager. Together they launched the Adirondack Fund, a small-cap fund out of Albany.

Reiner said they noticed some trends with small-cap funds, or groups of stocks with a market value of between \$300 million and \$2 billion.

"The proliferation of hedge funds caused a brain drain," Reiner said, pointing out that small caps were growing too big and closing to form hedge funds, leaving a market for small funds. "We saw a competitive advantage."

'On the Radar Screen'

Roeder, along with Reiner and one other investor, set out to establish their own firm.

"We started from very humble beginnings," Roeder said. "People aren't going to jump at you because you opened a firm; they want to see a track record."

The group spent three years building the fund, receiving a rating from Morningstar, a research firm that helps investors assess mutual funds and other investment vehicles. A three-year track record is required before they award a rating.

But then, in 2008, the stock market imploded.

"It was just brutal market conditions," Roeder said. "We basically dug in and did what we had to do to



Glenn Davenport

stay in business and weather the storm. In 2009, the market came back fairly strong, and we had a fairly strong performance."

After a couple more good years, the Adirondack Mutual Fund has continued to grow and is valued at \$55 million in assets.

"We're on the radar screen," Roeder said. "That's been from the combined success of hiring a marketing

person and good performance. We're really enthusiastic because we're now seeing the success of our early endeavor start to bear fruit."

'Stuck to Our Knitting'

The firm — whose board includes fellow SUNY Plattsburgh graduates Kevin Gallagher '87, the board chairman, and trustee Norman Joseph Plourde '86 — is ranked by Morningstar in the top 10 percent of small-cap funds for investment returns and was recently recognized by Lipper Inc. as the best small-cap value in the United States, accolades Reiner attributes to their patience, persistence and SUNY Plattsburgh education.

"Launching the Adirondack Fund was not an easy road," he said. "We kind of stuck to our knitting. I think that's one of the reasons we've been so successful. We're looking at the same stocks that the rest of the investors in this world are looking at. We're challenging conventional norms as contrarian thinkers. I think I got a lot of that from Plattsburgh."

"The period during the height of the financial crisis was very challenging, especially since our fund was very young at the time. But as they say, what doesn't kill you makes you stronger. That period has clearly made us better investors and will be etched in our memory for the rest of our careers," Reiner said. "We're still climbing the mountain, so to speak. But we're having fun, and we learn a lot of new things every day."