

Guilderland mutual fund receives national honor

Founders previously worked at competing companies

By CHARLES WIFF
wiffc@spotlightnews.com

Guilderland is a long way from Wall Street, but that's how Adirondack Funds likes it.

This small team of fund managers is making national waves after being awarded the 2011 Lipper Fund Award for Best Small Cap Value Fund in the U.S. This is a great accolade after just being formed in 2005 by two CFAs, Matt Reiner and Greg Roeder, who met in the Albany area but worked at competing companies before striking out on their own.

Since then, initial investor Steve Gonick has come on board and Alicia Lasch was recently added as an analyst. Gonick left a career at Johnson and Johnson to join up and said he was impressed from the start not only by the fund's business sense but by its character.

"I always saw these guys as a diamond in the rough," he said. "I thought they were real ethical guys and real talented guys."

The name of the Adirondack Small Cap Fund (ticker ADKSX) comes not only from the founders' love of the area, but from the fact so many of their investors hail from around the Capital District. About half of the \$63 million mutual fund is



Greg Roeder, left, and Steve Gonick in the Guilderland offices of Adirondack Funds. The firm's Adirondack Small Cap Fund was recently awarded the 2011 Lipper Fund Award for Best Small Cap Value Fund in the U.S. This small team has found success in part by staying local and connected to investors.

Charles Wiff/Spotlight

made up of local money. That creates a different atmosphere, said Roeder, because their own money and the money of the people they know is at stake when they trade.

"We take that mentality to work every day, and I think that basically is a real edge for us," he said.

That edge has translated into rewards for the fund and its investors. The 2011 Lipper Fund Award in this category reviewed performance over the

past three years, including 2008, when the stock market took a precipitous dive.

So did ADKXS. But it also recovered well when compared to the rest of the market. From 2008 through 2010, the fund returned 9.9 percent annualized, nearly 8 percent better than the market as a whole during that period.

The Lipper Fund Awards are part of the Thomson Reuters Awards for Excellence, which cover a broad range of financial products the world over. There

were 195 other funds under consideration for this particular honor.

A "small cap" fund is a great option for a small team like Adirondack Small Cap's. These funds target their investments in smaller companies, not the bigger, "blue chip" stocks. Investors try to target undervalued stocks that have fallen since their public offering or are in sectors about to experience growth. This can make small cap investment a

risky proposition, but also one a smart manager can cull serious gains from.

It's also a corner of the market where the big firms don't necessarily have an advantage.

"We decided to launch a small cap fund. It was a niche, so it was a place where we could compete against bigger, more well-funded organizations and still do well," Roeder said.

Kerry Mayo, of Capital Financial in Clifton Park, said he often recommends Adirondack Funds as a small cap investment to his clients not only because of the strong rate of return, but because he has confidence in the managers.

"It's good to have people you can speak with face to face. You can call the portfolio managers of Adirondack and ask them what they're thinking," he said. "The way they've gone about building their business I think should be respected."

The Lipper recognition should translate into some increased interest in the Adirondack Small Cap Fund, and already the team is receiving calls from all over the country. But the fund managers want to keep things simple and stick with what has worked: focusing on one fund and doing that as well as possible.

"We have upwards of \$2 million of our own money invested in the fund, so we care a great deal about what happens in the fund," Gonick said.