

## **Their hope to grow is mutual**

Capital Region trio's Adirondack Small Cap Fund finds its niche

By [KEVIN HARLIN](#), Business writer

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**Correction:** *A story in Tuesday's Business section about a new mutual fund understated its performance since its founding in April. Adirondack Small Cap Fund finished 2005 up 16.6 percent.*

COLONIE -- From a small financial planner's office, three locals hope to to make it big by staying small.

Greg Roeder and Matt Reiner, former analysts with the Albany firm C.L. King & Associates Inc., and financial planner Louis Morizio on April 6 launched a new small-cap mutual fund, one of only a few mutual funds managed in the Capital Region.

They hope their locally managed operation can outperform the larger, less nimble funds in the hot, but volatile, business of picking small stocks.

The Adirondack Small Cap Fund ended 2005 up 10.6 percent for its almost nine months. Over the first few weeks of 2006, it has grown another 4.2 percent.

"We've always had a common interest in small-cap stocks, and a common interest in investing in general," said Reiner, 40.

But it wasn't just common interest. Morizio, 46, said that despite how hot small-cap funds have been over the past few years, there's still a shortage of them. Many have closed to new investors.

And many of their skilled managers have been stolen away to manage hedge funds.

"When we were first starting in this business, we were certainly too young," said Roeder, 42. "We had to learn. The down-market taught us a lot. And you get to a point where you say, 'It's time.' "

Smaller funds lack the marketing power and the depth of research that the larger houses can muster. But Adirondack said their small size allows them to stay nimble. Morizio, who owns the Center for Financial Planning on Vly Road in Colonie, does their marketing. Most of the fund's investors are family and friends of the three, or

Morizio's clients.

Reiner and Roeder do all of their own research.

"We're looking at 10-Qs and 10-Ks, and we're listening to conference calls all day," Reiner said.

Roeder and Reiner both went to the State University College at Plattsburgh before going on for advanced degrees in finance and business.

Roeder later worked for KeyCorp handling commercial loans and credit-risk management, before joining C.L. King in 1997 as a sell-side analyst. Reiner was a small-caps analyst with C.L. King, before moving into assets management with that firm for pension funds and other institutional investors.

They said their skills complement each other. Reiner sees the opportunities in companies. And Roeder points out worst-case scenarios.

"It's rare to have two people with that kind of experience come together," Roeder said.

In the fourth quarter, small-cap funds averaged 1.2 percent, according to the fund-tracking firm Lipper Inc. The Adirondack fund returned 3.6 percent.

So far, so good.

But both principals said they can't rest on any past gains. They have sizable portions of their own assets tied up in the fund. The three kicked in about \$100,000 to get the fund started. And they haven't taken salaries yet.

Their fund focuses on smaller companies -- typically those with under \$3 billion in market capitalization. That gives them a pool of about 4,000 companies. They narrowed that down, selecting about 40 companies for the portfolio.

It's still small.

It has a little more than 100 investors, and \$7.4 million in assets.

Before they launched, they met with James Denney, president of Schenectady's

Mohawk Asset Management. He launched the Electric City Value Fund in 1999.

"It's difficult for a small fund to get noticed and get out there and get traction and grow the assets," Denney said. "But knowing their backgrounds, if anybody can do it, I think these guys can."

Earlier this month, the investment manager Hugh Johnson, chairman of Albany-based Johnson Illington Advisors LLC, began that firm's first mutual fund. The Johnson Illington Tactical Equities Strategy Fund seeks to outperform the S&P 500, with less risk.

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