

Al Frank Asset Management Inc. moving to Austin

AFAM dumps high-cost Calif. for Austin

Premium content from Austin Business Journal - by Christopher Calnan, ABJ Staff

Friday, February 11, 2011

A California-based institutional money management company is moving to Austin this year with plans for future acquisitions.

Al Frank Asset Management Inc., a 34-year-old company, began moving its executives to Austin last summer and plans to finish moving its 25 employees by the end of the year, CEO **Jeff Montgomery** said.

The move, which is being done without any government incentives, is expected to take advantage of the state's deeper worker pool and friendlier business environment, he said.

"The costs of doing business in California are prohibitive," Montgomery said. "We're not in a Texas program, but we're fans of Texas."

AFAM typically competes against national firms based in Boston and New York, he said. Clients usually fall into one of three categories: high-net-worth families; institutions, such as banks or universities; and financial planners. Such financial services companies have traditionally clustered around cities such as Dallas and Chicago, leaving Austin with a shortage. But the situation started to change when the Austin Chamber of Commerce identified financial services as a sector it should target for recruiting.

In 2006, the recruiting effort became easier when Dimensional Fund Advisors Inc. moved from California to Austin, catching the attention of similar companies, said **Dave Porter**, the chamber's senior vice president of economic development.

"Until then, we were lacking in that [financial services] area," he said. "It put us on the map."

AFAM plans to maintain its California office and operate regional sales offices in Chicago, New York and Virginia. The strategy would set the firm apart from other Austin firms that mostly have a regional presence but not a national one, Montgomery said.

Montgomery, a Minnesota native, has 10 years of experience in Austin's financial management industry. From 2001 to 2008, he was the CEO of National Financial Partners Corp.'s securities division in Austin.

In late 2009, AFAM acquired Virginia-based Innealta Portfolio Advisors LLC, a quantitative asset management firm specializing in exchange-traded fund portfolios. At the time, Innealta officials reported more than \$650 million in managed assets.

Montgomery said he expects AFAM to remain a 25-person company, but he expects the company to grow through buyouts, which is in line with a consolidation trend in the industry.

"We're open to future acquisitions," he said.

Courtesy of JB Goodwin