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## Janney Climbs Equity, Municipal Deal Rankings As Boutiques Take Share

By **BRETT PHILBIN**

NEW YORK (Dow Jones)—New hiring that began during the financial downturn is helping Janney Montgomery Scott, a privately held financial-advice provider, gain market share in equity and municipal underwriting deals.

Janney, a unit of the Penn Mutual Life Insurance Co., has moved from 51st in 2007 to a ranking of 26th year-to-date, and has worked on 22 equity deals—as a co-manager, lead manager or bookrunner—that raised a combined \$4.4 billion, according to data provider Dealogic's U.S. listed equity capital markets bank rankings.

That figure accounts for 4.2% of the total volume of equity deals this year, up from 2.2% for all of 2009.

The Philadelphia firm's growth within its capital-markets business underscores the push by boutiques to capitalize on the slowdown and disappearance of some bulge-bracket firms during the financial crisis. While such banking giants have since reasserted themselves, smaller firms are still gaining new clients in select markets.

Over the past two years, Janney has doubled its staff to 220 professionals within capital markets, a business that mainly services middle-market clients through equities, fixed income and investment-banking relationships.

Janney has also gained share within fixed income, climbing from a municipal underwriter ranking of 74th in 2007 to 34th so far in 2010, according to data from Thomson Reuters. The firm has worked on 82 offerings worth \$906.8 million in 2010, up

from 23 offerings valued at \$159.2 million in 2007.

In an interview with Dow Jones Newswires, Jordie Maine, head of Janney Capital Markets, said that while the current operating environment is difficult, "we feel like we hired the right people, we haven't overbuilt and we are taking advantage of the opportunity presented to us."

Maine, a former head of regional sales at Citigroup Inc. (C), said that because Janney isn't a publicly traded company, it can "take a longer-term perspective," adding the firm has "an aggressive five-year growth plan and plans to grow the capital markets business with a 25% compound annual growth rate."

Janney's main competition includes regional firms such as Stifel Financial Corp. (SF) as well as big banks in certain markets such as PNC Financial Services Group Inc. (PNC).

Within its equities business, Janney has made progress building up its research capabilities. A few years ago, the firm had 14 analysts covering 100 companies, but now boasts 26 analysts covering 350 companies.

"Once [the group] is built out, we will be at 450 companies under research coverage," said Thomas Ferraro, head of equities for Janney Montgomery Scott.

While Janney didn't disclose specific financial data, Ferraro said equities revenue grew 50% a year in 2008 and 2009. That figure is also up 50% year-to-date and Janney believes it can double its revenue in the future.

Ferraro is one of three executives,

including Maine and Steven Genyk, Janney's head of fixed income, who joined the firm in the spring of 2008 from larger rivals.

Genyk said the fixed-income business, which includes municipal products, taxable fixed income and public finance, is still "aggressively seeking talent."

The group has hired 50 professionals since 2008, from firms such as Merrill Lynch, UBS AG (UBS) and Bear Stearns. Among those hires, 46 have been in the institutional businesses—institutional municipal sales, trading and underwriting, public finance and institutional taxable sales and trading.

Despite the growth in capital markets, Janney still has some work to do. Maine says that hiring in investment banking has intentionally lagged the rest of its business as it builds out the organization.

He says Janney has a growth plan for that segment, adding that while it's generally best to hire senior bankers earlier in the year, the firm intends to be opportunistic.

Janney is also still heavily focused on its private-client group, which accounts for 80% of its annual revenue and profit, while capital markets is 20%.

Janney has a retail brokerage with roughly 800 financial advisers who, on average, generate about \$450,000 in fees and commissions and manage approximately \$59.3 million in client assets. The number of financial advisers has dropped by roughly 40 since December 2009, but average production has increased by about \$60,000 since then, the company said.