



3 Ways to Tap Into a Fast-Growing Segment of the Financial Industry

Description

Wealth management was once a small portion of the banking and financial market, but has quickly grown into a major force in the industry.

For banks like **Royal Bank of Canada** ([TSX: RY](#))([NYSE: RY](#)) or **Bank of Nova Scotia** ([TSX: BNS](#))([NYSE: BNS](#)), these services have catapulted their revenues at home and overseas. While banks that have embraced wealth management have been rewarded with record profits, there are other independent players in the market that deserve some attention.

This company is showing signs of a successful turnaround

Founded in 1957, **AGF Management** ([TSX: AGF.B](#)) is one of Canada's top independent investment management firms, with over one million clients. While its second-quarter results won't come out until June 24, we can look back to its first-quarter results and see the beginnings of a turnaround at the company. Revenue dropped slightly to \$116 million from \$122 million the year prior, while net income rose to \$17.1 million, or \$0.20 per share, from \$15.6 million, or \$0.17 per share, in Q1 2013. A highlight of the yet-to-be-released second quarter is that AGF Management has finally selected its new Chief Investment Officer after a lengthy search that left investors nervous.

The stock closed Friday at \$12.95 and has a 52-week range of \$10.34 to \$14.78. It has an average price target of \$12.60, just below its trading price, but the \$1.08 annual dividend with a yield of 8.2% is quite attractive.

Out from under its former shadow

Investors have been eagerly watching to see how **CI Financial** ([TSX: CIX](#)) and its stock would cope after Bank of Nova Scotia reduced its holdings in the company from 37% to 11%. The stock has held firm in the wake of the stock unloading, with a closing price on Friday of \$34.56 compared to the \$31.26 price at which the Bank of Nova Scotia sold its CI Financial shares.

CI Financial's assets under management have grown by 20% in the past year, and as an added bonus it officially hit \$100 billion in assets on Wednesday. These gains in assets are helping to fuel the

average price target to \$39.90. CI Financial offers an annual dividend of \$1.20 with a yield of 3.4%, which is not too shabby for a company that has earned investors a return of 586% in the past 14 years.

Small but not forgotten

Gluskin Sheff & Associates (TSX: GS) may be much smaller than some of its counterparts, with only \$7.1 billion in assets under management. Despite its size, it is posting growth percentages that shouldn't be overlooked. It had year-over-year revenue growth of 53%, profit margins of 43%, and a return on equity in the past 12 months of 129.43%. To top it all off, it had revenue of \$24 million in Q3 2014 compared to \$21 million in Q3 2013.

The revenue will be well spent this year as the company has announced that it will be purchasing Blair Franklin Asset Management for \$72 million, with \$15 million in cash and 1.9 million shares. Blair Franklin's top fund has been generating an annual rate of return of 14%, and the company as a whole controls \$625 million in assets.

The stock closed Friday at \$33.09 and has a 52-week range of \$18.21 to \$34.05. It has an average price target of \$34.20, with some analysts going as high as \$37.00. The company also offers an annual dividend of \$0.80 with a yield of 2.4%.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:AGF.B (AGF Management Limited)
2. TSX:CIX (CI Financial)

Category

1. Investing

Date

2025/06/30

Date Created

2014/06/23

Author

cameronconway

default watermark