



## New CEO, Same Great Investment

### Description

**Industrial Alliance Insur. & Fin. Ser.** ([TSX:IAG](#)), otherwise known in the financial services industry as iA Financial Group, is getting a new CEO after 18 years.

The Quebec-based insurance and wealth management company announced June 12 that Yvon Charest is retiring as CEO September 1 to be replaced by his COO Denis Richard.

If you own IAG stock, there's nothing to be concerned about. If you don't own it, here's why you might want to.

#### A long-tenured management team

Yvon Charest has spent almost 40 years at iA Financial, 18 of them as CEO. His replacement, Richard, has been with the company since 1985, a relative newcomer with 33 years of service.

Management teams with lengthy tenures, especially in today's results-now business environment, are pretty rare. So, the fact Richard is stepping into the top job suggests both the board and the outgoing Charest are very happy with the transition.

"During [Mr. Charest's] tenure as CEO, the organization has grown and matured into a leading financial-services company in Canada with a reputation that is second to none," Jocelyne Bourgon, chair of the board of directors, said in a statement.

No kidding.

When Charest took over, iA Financial had \$13.1 billion in assets under management; today, it has \$89.7 billion in AUM, and it administers another \$79.9 billion for other institutions. Back then, it had net income of \$75.0 million; today, it's \$515.5 million on an annual basis and growing. Lastly, its book value when Charest took over was \$671.8 million; today, it's \$5.5 billion, a compound annual growth rate of 12.4%.

That last figure might not sound like much, but given the insurance industry is one of the most old-fashioned of businesses, it's actually very strong.

In fact, Richard has a tough act to follow.

### **How it grows**

The company uses a combination of organic initiatives along with acquisitions to push the ball up the hill.

In 2017, it paid \$277 million to acquire HollisWealth, a leading Canadian full-service financial advisory firm, and then in February it acquired PPI Management Inc., an insurance network that serves 3,000 independent insurance advisors across Canada.

"With the acquisition of PPI, iA Financial Group becomes the leader in insurance brokerage distribution in Canada," commented Denis Richard. "Combined with the Hollis Wealth network acquired last year, iA Financial Group is now positioned at the top of independent distribution for financial services in Canada."

If you're like me and can't stand the banks hoarding market share, iA Financial is building a very competitive offering for independent-minded Canadians.

### **What's ahead?**

You won't read a lot about iA Financial in the media, so you will have to do a little of your due diligence before investing.

However, Fool contributor Joey Frenette recently had a lot of good things to say about the company.

"IA's track record really speaks for itself," Frenette [wrote](#) May 3. "I believe it has the capacity to continue to outperform its peers over the next few years, and given the stock trades at a mere 9.7 times forward earnings, investors would be wise to pick up shares of what I think is a heavily discounted company that doesn't get the respect it deserves from Canadian investors."

I agree wholeheartedly with Frenette's assessment.

In December 2016, just after the Hollis Wealth acquisition was announced, I'd [recommended](#) that investors buy iA Financial. Eighteen months later, nothing has changed at the company that would lead me to change my opinion of its stock.

There might be a new CEO, but it's the same great investment.

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