



Shares in These Two Leading Canadian Investment Managers Are Soaring!

Description

Stock in two of Canada's top investment management firms are leading the charge so far in February.

Through the first two weeks of trading this month, shares in both **CI Financial Corp** ([TSX:CIX](#)) and rival **Gluskin Sheff + Associates Inc** (TSX:GS) are already up nearly double digits.

Shares in CI Financial are up 9.27% so far in February, while Gluskin Sheff stock has already reached double-digit territory, thereby gaining 11.34%.

Let's take a look at what's been driving the stock in these two investment managers higher.

CI Financial reported its fourth-quarter and annual results on February 8. On revenues of \$529 million, the firm was able to generate net income of \$140.4 million and an impressive 37.1% return on equity for the fourth quarter.

That 37.1% ROE figure is considerably above CI's cost of capital, meaning that it has been successful in delivering positive returns for its equity shareholders.

Meanwhile, earnings per share of \$0.57 for the fourth quarter were more than enough to support the firm's quarterly dividend payout of \$0.18, which is currently yielding investors a 3.73% annual distribution against Friday's closing price.

When you consider CI has previously announced an [aggressive plan](#) to buyback as much as \$1 billion of its own stock over the next 12 to 18 months, this is clearly a firm that has its shareholders interests top of mind.

Gluskin Sheff stock, on the other hand, is currently paying out to its shareholders a hefty 9.19% dividend yield as of this writing.

Whether or not the firm's disappointing results through the first six months of its current fiscal year will threaten to put that dividend remain to be seen. However, it should be viewed as an encouraging sign that GS.TO stock did manage to close up 7.04% on February 7, the day it reported second quarter

results.

That result may have come as a bit of a shock however when you consider that earnings for the second quarter were just \$0.24 per share, down from \$0.61 in the year ago period.

Nearly all of the decline can be attributed to the fact that Gluskin Sheff has generated less than \$1 million in performance fees from its clients so far through the first two quarters compared to the over \$29 million in performance fees that its managers generated through the company's first two quarters of 2017.

Bottom line

Both firms saw the value of their share prices hit extremely hard in 2018, so it probably shouldn't come as much of a surprise to see each get a bit of a bounce as markets have responded favourably so far to start the new year.

I continue to like [both of these company's stocks](#) and will be monitoring them carefully in the coming days and weeks in search of an attractive entry point.

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1. Dividend Stocks
2. Investing

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1. TSX:CIX (CI Financial)

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