



## TFSA Investors: How to Become a Billionaire

### Description

**AGF Management** ([TSX:AGF.B](#)) is a [publicly traded asset management](#) and investment holding company. The company provides investment services to public and corporate defined benefit pension plans, endowments, and foundations, sovereign wealth funds, corporate plans, insurance companies, and sub-advised mandates.

The company is ridiculously cheap with a price-to-earnings ratio of 11.11, a price-to-book ratio of 0.49, and market capitalization of 447 million. Debt is very sparingly used at AGF Management, as evidenced by a debt-to-equity ratio of just 0.17. The company has average performance metrics with an operating margin of 17.96% and a return on equity of 4.33%.

The company invests in capital markets, particularly in public equity and fixed-income markets across the world. While investing in equity markets, the company adopts a [“growth at a reasonable price”](#) strategy and invests in growth stocks after employing fundamental analysis to identify investments. AGF Management has been operating for over 60 years and is based in Toronto, Ontario.

In the most recent quarter, AGF Management reported total assets under management (AUM) of \$37.4 billion compared to \$38.8 billion in the same period in 2018. The company's private alternative assets under management increased 11% in the quarter to \$2.4 billion, resulting in earnings per share of \$0.18, increasing \$0.04 on a year-to-year basis.

The company is looking to grow by prudently allocating capital and mergers and acquisitions. Recently, AGF Management announced a merger involving a company subsidiary, between Smith & Williamson and Tilney, to create a leading integrated asset management and professional services group in the United Kingdom with over £46 billion in assets under management. The company estimates that the transaction, which is still subject to regulatory approvals and anticipated to close early 2020, will result in total cash and equity proceeds of \$320 million compared to an estimated carrying value at closing of \$137.5 million.

The company is also expanding product offerings to meet client needs. AGF Management recently launched three liquid alternative funds in Canada: AGFiQ US Market Neutral Anti-Beta CAD-Hedged

ETF, AGFiQ US Long/Short Dividend Income CAD-Hedged ETF, and AGFiQ US Long/Short Dividend Income CAD-Hedged Fund. The company also continued to experience growth across proprietary U.S. liquid alternative exchange-traded funds. This growth is a reflection of AGF Management's uniquely positioned suite of funds, including an anti-beta market neutral U.S. equity strategy to meet investor demand for diversification and uncorrelated returns to cushion against anticipated market volatility.

The company is also expanding digital growth strategy and recently developed an interactive tool to equip the company's business development teams with portfolio stress testing, risk analytics, and comprehensive investment proposals for use across a range of clients and regions, including financial advisors and institutional investors. The company is seeing fast growth — AGF Management's private alternative and quantitative investment management businesses have grown 140% and 16%, year over year, representing \$10.2 billion, or 27% of total assets under management. These businesses fit well with AGF's other business lines and continue to diversify the revenue sources of the company.

AGF Management is an attractively priced, fast-growing asset management company. The recent dip in the stock price could be a wonderful entry point for long-term value investors.

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1. TSX:AGF.B (AGF Management Limited)

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