



ALERT! Canada's Goldman Sachs Revealed

Description

GMP Capital (TSX:GMP) is an independent [diversified financial services company](#) and provides various financial products and services to corporate clients, institutional investors, and high-net-worth individuals in Canada, the United States, and globally.

It operates in two segments: Capital Markets and Wealth Management. The Capital Markets segment offers investment banking services, including advisory and underwriting services, institutional research and sales, and brokerage services.

The Wealth Management segment provides wealth management and investment services. The company was incorporated in 1995 and corporate headquarters are in Toronto, Ontario.

The company is very reasonably priced with a price to book value of 1.07 and market capitalization of 154 million. Debt is very sparingly used at GMP Capital, as is evidenced by a debt to equity ratio of just 0.13.

The company has sub par performance metrics due to recent operational challenges, with an operating margin of 8.20% and a return on equity of (6.67)%.

In the most recent quarter, the company grew revenue by 15% and grew [investment banking revenue](#) by 46% year over year due to the company's exposure to high growth cannabis, blockchain and energy sectors.

Non-commodities businesses accounted for 70% of total investment banking revenue and return on equity was 17.4%. Management seem committed to build shareholder value and returned \$23.1 million to shareholders through common stock dividends and share repurchases.

The company pays a regular quarterly cash dividend of \$0.025 per common share and declares special cash dividends periodically when the company expects an improving outlook and delivers improved financial performance amid strong capital levels.

In 2018, Canadian independent dealers benefited from significant capital raising and advisory activity

by domestic and U.S. cannabis companies.

The Canadian capital markets experienced a surge in cannabis listings, with initial support from Canadian investors giving way to capital inflows from an increasingly international investor base.

GMP Capital was named a top cannabis influencer/financier in the Financial Post's Cannabis Power List. The company helped cannabis companies raise \$3.7 billion in total capital in 2018, and advised on the first-ever merger between two public U.S. cannabis companies.

The company has benefited from substantial reductions to the fixed cost side of the business and has exited certain under-performing and underutilized businesses in international jurisdictions, as is illustrated by the company's sale of the U.S. fixed income business in early 2019.

The company also streamlined the Canadian capital markets business to better align operations with the current level of business opportunities in the marketplace.

GMP Capital currently owns 33% of Toronto-based Richardson GMP Ltd. Richardson GMP is engaged in the high-margin wealth management business.

Richardson recorded adjusted earnings before interest, taxes, depreciation, and amortization of \$45.4 million on total revenue of \$290.1 million in 2018.

Total assets under administration ended the year at \$27.2 billion administered by 165 advisory teams. Richardson GMP strives to grow aggressively by leveraging the company's unique positioning in Canada's wealth management industry landscape. The company is making significant investments in new technologies and has launched a refreshed and revitalized brand.

GMP Capital is reasonably priced and appears to be a great way for Canadian investors to gain exposure to the growing investment banking industry in Canada.

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