



1 High-Growth TSX Stock to Buy Before It's Too Late

Description

Canaccord Genuity Group ([TSX:CF](#)) is a full-service [financial services company](#) that provides investment solutions, brokerage and investment banking services to individual, institutional, corporate, and government clients. The company has operations in Canada, the United Kingdom, Europe, Dubai, Australia, the United States, and internationally. It was incorporated in 1950, consists of about 800 employees and is headquartered in Vancouver, Canada.

The company is cheap with a price-to-earnings ratio of 14.59, price to book ratio of 1.63, dividend yield of 1.81% and market capitalization of \$1.19 billion. Debt is very sparingly used at Canaccord Genuity as evidenced by a debt to equity ratio of just 0.33. The company has excellent performance metrics with an operating margin of 9.90% and a return on equity of 12.48%.

Canaccord Genuity operates two segments. The capital markets segment offers investment banking, advisory, research, and trading services while the company's wealth management segment provides brokerage services and investment advice to retail or institutional clients. The two segments complement each other well and help the company provide a wide range of services to clients.

Canaccord Genuity's revenue is generated from [commissions and fees](#) earned in connection with investment banking transactions and institutional sales and trading activity, as well as trading gains and losses the company's principal trading operations. Revenue is directly affected by the level of corporate activity and general economic, market and business conditions in Canada and internationally. The market unfairly penalizes Canaccord Genuity since the company's quarterly results experience considerable variations from quarter to quarter and year to year due to factors beyond the company's control.

Canaccord Genuity recently acquired a direct access broker, fintech provider and an active trader in futures and equity options in Canada. This acquisition is expected to support the company's mid-market growth strategy by providing access to new areas of growth through development of an enhanced fintech product offering.

Also, the company acquired the business of a well respected New York-based boutique firm. This

development supports the Canaccord Genuity's objective of adding scale, diversifying revenue streams, and capturing greater market share. The company's ability to target and service key clients in global equity financing is a strong differentiator and competitive advantage.

Canaccord Genuity's revenue from capital markets revenue originates from equity financing transactions, commissions, underwriting fees, advisory fees and management fees related to capital markets activity. Investment banking revenue consists of underwriting fees and commissions earned on corporate finance activities. Advisory fees consist of management and advisory fees, and include revenue earned from mergers and acquisitions.

The capital markets sector is highly competitive and the company competes with other domestic and foreign securities firms. Canaccord Genuity competes based on the relative prices of the services and products it offers, available capital, institutional relationships, ability to assist with financing arrangements, access to global markets, and quality of service.

The competitive landscape provides significant opportunity for Canaccord Genuity in the mid-market, as this space is currently relatively underserved by other large global investment banks. The company's mid-market strategy focuses on key sectors and differentiates the firm among the competition.

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