



TFSA Investors: 1 Cheap Asset Manager to Buy Now

Description

Onex ([TSX:ONEX](#)) is one of the oldest and most successful private equity firms and has evolved to include credit and wealth management investment platforms. Onex invests and manages capital on behalf of shareholders, institutional investors and high net worth private clients from around the world.

Asset management structure

Onex has several investment platforms. These include Onex Partners, private equity funds, Onex Credit, ONCAP and Gluskin Sheff. Onex Credit manages non-investment grade debt through tradable, private and opportunistic credit strategies and Gluskin Sheff provides wealth management services through actively managed public equity and public credit funds.

Onex manages nearly \$7.5 billion of capital primarily invested in or committed to the company's private equity and credit investment platforms. Onex also manages \$36.3 billion of capital on behalf of institutional investors and high net worth private clients.

Onex operates from offices in Ontario, New York, New Jersey, Massachusetts, and London, England. The company was incorporated in 1984 to make private equity investments in companies located primarily in North America. It completed an initial public offering on the **Toronto Stock Exchange** in 1984 and has an equity market capitalization of approximately \$6.6 billion.

Private equity

Onex has built more than 105 operating businesses with an aggregate transaction value of \$95 billion. The company has generated a phenomenal 27% gross internal rate of return from core private equity activities and publicly-traded investments since inception. Onex' private equity investment activities are conducted primarily through Onex Partners, for larger transactions, and ONCAP, for middle-market transactions. Onex participates in all of the Onex Partners and ONCAP funds as the largest [limited partner investor](#) and through the company's ownership of the funds' general partners and managers.

Prior to the formation of the company's private equity funds, Onex built 31 businesses, completing 148 acquisitions having an aggregate transaction value of \$18 billion. From time to time, Onex directly invests capital outside of the company's private equity funds where select opportunities are not ideally suited for Onex Partners mandates. Onex currently holds a direct investment in Ryan Specialty Group LLC.

Credit strategies and wealth management

Onex' credit investment platform, Onex Credit, was launched in 2007 and manages about \$17.0 billion. Onex Credit invests in non-investment grade debt through collateralized loan obligations, private debt and other credit strategies. On December 29, 2020, Onex acquired Onex Falcon to become part of the Onex Credit investment platform.

Onex Falcon is a U.S. [private credit manager](#) providing private credit financing solutions and opportunistic strategies to mezzanine and other direct lending investments for U.S. middle market companies. Onex Falcon has assets under management of nearly \$4 billion, which is included in the \$17.0 billion managed by Onex Credit.

Onex acquired Gluskin Sheff for \$445 million in June 2019. As Onex' wealth management investment platform, Gluskin Sheff manages nearly \$8.1 billion of client capital on behalf of institutional investors and high net worth private clients.

The company's intrinsic value far exceeds the market price as it generates annual management fee income on \$31 billion of the investors' capital and has the opportunity to earn carried interest or performance fees on such capital. Onex' asset management franchise is valuable.

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