



TFSA Value Stocks: 1 Asset Manager to Buy Today

Description

RF Capital (TSX:GMP), formerly GMP Capital, operates through three business segments, namely wealth management, operations clearing, and corporate. Richardson Wealth is the company's wealth management brand. It has 160 advisor teams that are focused on providing [strategic wealth advice](#) and innovative investment solutions to high-net-worth clients across Canada.

Entrepreneurial spirit

The company offers advisors working under RF's brand with a platform, including technology, a product shelf, and operational support. This enables advisors to deliver value to existing clients and attract new ones. It also makes a best-in-class team of tax, estate, and wealth-planning experts available to advisors to assist with complex client needs.

RF's advisors share an entrepreneurial spirit and desire to provide exceptional service to the company's clients. Advisors have the flexibility to individually determine how to best to serve clients. Management is intently focused on creating an environment that will maximize the retention of existing advisors and attract new talent.

Consistent revenue streams

Investment management and fee income is the largest and most [consistent revenue stream](#) and is driven by assets under administration. It represents approximately 80% of RF's wealth management segment's 2020 revenue. The company's fee revenue is highly correlated to equity market valuations, global economic conditions, and investor demand for wealth management services and solutions. Commission revenue is largely driven by client trading volumes and the level of capital markets issuances.

Further, the company's advisor teams are supported by experienced and dedicated professionals who work across the country in various roles, including branch management, operations, human resources, tax-planning, marketing, risk, compliance, and finance. In total, Richardson Wealth currently has about

750 employees.

Value-added clearing business

The company's operations clearing segment also provides carrying broker services, including trade execution, clearing, settlement, custody, and other back-office services to Richardson Wealth. It also includes the company's securities borrowing and lending business.

Maintaining a wholly owned clearing business allows the company to better control the quality of service provided to RF's advisors. It also creates option value in the event that market conditions change, and it becomes attractive to provide these services to third parties. The corporate segment of the company's business primarily includes corporate functions and public company costs.

Thoughtful business strategy

Richardson Wealth has a 0.7% share of Canadian retail wealth. Capturing an additional 1.4% of the existing market or 2% of the expected market growth would allow the company to triple RF's assets under administration. Management, with considerable input from investment advisory teams and supported by a global consulting firm with deep expertise in wealth management, have begun to carefully map out a strategy to gain a greater share of the multi-trillion-dollar wealth management industry.

The strategy will leverage the company's single-minded focus on wealth management, best-in-class advisor teams, and national platform and scale. This exercise will encompass validating the company's view of the external market, assessing current capabilities, laying out the value proposition, and developing an execution roadmap. Execution of this strategy could serve as a catalyst and result in a higher stock price. This could signal a buying opportunity.

CATEGORY

1. Investing

POST TAG

1. canada

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Investing

Tags

1. canada

Date

2025/09/09

Date Created

2021/06/05

Author

nikhilwaterloo

default watermark

default watermark