



1 Growth Catalyst to Be Aware of With Royal Bank Stock

Description

Canada's banking sector was hard hit as a result of the pandemic. Investors in **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)) and its mega-cap peers may have felt the need to jump ship. However, those who have held onto Royal Bank stock have done quite well for themselves.

Indeed, Royal Bank stock has more than fully recovered from the pandemic. In fact, the company recently hit record highs. And investors seem to be more bullish than ever on this Canadian banking behemoth.

Here's one additional catalyst investors seem to be pricing in of late with Royal Bank.

Royal Bank stock: A venture capital play?

Royal Bank never ceases to surprise me in terms of how the company looks for more [growth](#).

Indeed, Royal Bank's recent foray into venture capital is intriguing. Investors in Royal Bank stock typically think of this company as a retail and commercial banking behemoth with capital markets, wealth management, and other divisions. And it is. However, this lending giant is looking at other ways of amplifying its growth trajectory. And venture capital appears to be yet another avenue for said growth.

The company recently made an investment in Amplitude Venture Capital's first fund worth over \$200 million via its RBCx platform. The focal point of this fund is precision medicine startups that engage in developing specialized, targeted therapies for particular patients. Amplitude's cornerstone investor is Business Development Bank of Canada (BDC). This is where the lead partners of the Montreal-based company worked before establishing Amplitude a couple of years ago.

Indeed, when the two core partners, Jean-François Pariseau and Dion Madsen, were at BDC, the life sciences fund was one of the best performers. It recorded a profit of more than \$110 million on an investment worth \$20 million in Clementia Pharmaceuticals. Previously, Royal Bank has tested the waters as a life sciences investor. However, this investment appears to be a much more dedicated

push to commercialize science from universities and institutions based in Canada. Royal Bank will work together with Amplitude to provide banking services to startups that get funding from it.

Bottom line

Royal Bank really doesn't need to provide investors with any more reasons to own its stock. Indeed, the company's recent earnings jump ought to provide enough fodder for long-term investors.

However, I think these recent moves indicate Royal Bank is looking for innovative avenues of growth. Indeed, among Canadian Banks, Royal Bank stock remains one of my top picks. It's a long-term income and growth play, providing a level of defensiveness that's hard to get today. Accordingly, Royal Bank stock is well suited for an RRSP or other long-term brokerage account.

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