



With a 6 Percent Yield, Time to Buy Cheap Shares of IGM Financial?

Description

IGM Financial ([TSX:IGM](#)) is trading near its lowest price in the past year. Now, retirees and other income investors who missed the rally off the pandemic low might be wondering if IGM is a deal that deserves to be added to their portfolios.

What does IGM Financial do?

IGM Financial is a Canadian wealth and asset management company based in Winnipeg with more than \$250 billion in assets under management. The business has expanded its services in recent years to appeal to clients who want a one-stop-shop for their wealth management needs. IGM Financial mainly provides services to Canadian individuals and households that require assistance with their estate planning, retirement planning, and wealth management activities.

IGM Financial's brands include IG Wealth Management and Investment Planning Counsel for wealth management and Mackenzie Investments in its asset management segment. IGM Financial also gives shareholders exposure to the company's strategic investments and venture capital positions, including Wealtheasy, ChinaAMC, and Northleaf, among others.

IGM Financial is part of the **Power Corp.** ([TSX:POW](#)) group of businesses. (Power is a diversified holding company).

IGM Financial Q1 2022 earnings

The company generated record Q1 net earnings of \$219.3 million, up 8.5% from the same period last year. Net inflows and total assets under management surged in the first three months of the year.

IG Wealth Management and Investment Planning Counsel net earnings in the first quarter increased 5.7% and assets under advisement rose 8.1%.

The investment management services provided through Mackenzie Investments generated a net

earnings gain of 8.5% compared with Q1 2021. Total assets under management rose 7.3% compared to the same period last year, but slipped 2.3% from Q4 2021.

Investment funds, mutual funds, and ETFs make up the bulk of the sales. The ETF assets under management rose to \$12.9 billion from \$9.5 billion in Q1 2021. Mutual fund gross sales dipped to \$2.9 billion from \$4 billion. Investment fund net sales came in at \$1.3 billion, down from \$1.9 billion in the first quarter of last year, but still represented the second-highest Q1 result in the company's history.

Dividends and share buybacks

IGM Financial pays a quarterly dividend of \$0.5625 per share. That's good for annualized yield of 6% at the time of writing. In February the company announced a plan to repurchase up to 6 million shares, or about 2.5% of the outstanding common stock float over the course of a 12-month period.

Should you buy IGM stock now?

Financial planning and asset management services remain in high demand in Canada, and that trend should continue in the coming years as the wealth transition from baby boomers to their kids picks up momentum. The businesses generate steady fees and people typically stick with their advisers once the relationship is established.

IGM Financial trades near \$37 per share compared with the 12-month high of more than \$50. This should be an attractive entry point for buy-and-hold investors seeking passive income. The dividend should be safe and investors can get a great yield. Any additional weakness that might occur in the stock would be an opportunity to add to your position.

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