



# RF Capital aims to triple its assets through recruitment and possible acquisitions

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Richardson Wealth Ltd. plans to boost its assets to \$100-billion over the next five years with possible acquisitions of both asset managers and financial advisory firms.

On Wednesday morning, RF Capital Group Inc [RCG-T](#) -3.76% decrease. – the parent company of Richardson Wealth – unveiled a new strategic plan that aims to triple the company's current \$33-billion in assets under administration by 2026.

To do so, chief executive officer Kish Kapoor said the company will seek to recruit 45 to 60 investment advisers, target securities-licensed wealth managers, and consider the addition of a mid-sized asset management company that can provide greater investment capabilities.

“Such significant growth in [assets under administration] would put the business on track to increase run rate revenues from approximately \$300-million today to \$1-billion [in five years], and grow adjusted EBITDA from \$50-million to between \$200-million and \$300-million,” Mr. Kapoor told shareholders during a virtual annual general meeting.

The plan also includes adding more strategic partnerships – similar to the one announced last summer with investment bank Cormark Securities Inc. – as Richardson Wealth leverages expertise in areas such as day-to-day banking, digital lead generation, business valuation, business succession planning and capital markets.

“We have already received considerable inbound interest from multiple parties looking to join or partner with us,” Mr. Kapoor said.

In an interview with The Globe and Mail, Mr. Kapoor said the company has had conversations with a “handful” of wealth managers across the country – as well as one Canadian asset manager – but said the firm “most likely” won't begin to consider acquisitions until late 2022 or early 2023.

Rather, he said, the first goal is to increase the business organically through existing clients and implement a more rigorous adviser recruitment plan, which has about \$10-billion of potential recruits “already in the pipeline.”

“The wealth management industry is expected to grow from \$4.4-trillion to \$7.7-trillion by 2028. There are 800,000 households in Canada with over \$1-million in investable assets, our sweet spot,” Mr. Kapoor said. “... Our current market share is less than 1 per cent, so there’s lots of room to grow. “

Richardson Wealth is one of Canada’s largest independent wealth managers, with 158 investment advisers. But over the past three years, it has undergone a tumultuous restructuring plan that began with GMP Capital – which was renamed RF Capital Group Inc. – selling off its capital markets division in 2019.

The company then had to purchase the 67-per-cent stake of Richardson GMP, the wealth management arm it did not already own – a proposal that was tweaked several times owing to the COVID-19 pandemic and a last-minute shareholder revolt over the proposed share price. The dispute ended last October when a majority of shareholders voted in favour of the acquisition.

In recent months, the company still had to grapple with a \$367-million takeover offer from rival independent firm Canaccord Genuity Inc., and the retirement of Richardson Wealth CEO Andrew Marsh, who had helped launch a precursor firm, GMP Private Client, in 2004.

But Mr. Kapoor, who is now the sole leader at the helm after Mr. Marsh’s departure, reiterates the firm is committed to serving Canadians for the long haul and has remained focused on “running the business and creating value by executing our growth plan.”

The company spent the past four months working with Boston Consulting Group to develop the new plan in hopes of attracting the assets it lost when a number of investment advisers departed the firm during the overhaul.

Since consolidating last October, Richardson Wealth has added \$5-billion in assets, with \$1.4-billion attributable to new adviser recruits.

“This is our moment and we are here for the long term with a new name, a new board of directors and already attracting interest from potential partners” Mr. Kapoor said.

“These are bold and audacious goals and they’re achievable.”

<https://www.theglobeandmail.com/business/article-rf-capital-aims-to-triple-its-assets-through-recruitment-and-possible/>

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