

### **BROKER'S WORLD CANADA: Richardson GMP Expects Profit, C\$1B New Assets**

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TORONTO (Dow Jones)--Richardson GMP, GMP Capital Inc.'s (GMPXF, GMP.T) wealth-management unit, is gearing up for profitability and growth.

After losses since the merger of Richardson Partners Financial Ltd. and GMP Capital Inc. that led to the formation of Richardson GMP a year ago, the wealth-management firm is finally expecting to hit profitability in the fourth quarter, said Andrew Marsh, chief executive of Richardson GMP.

The firm is also expecting to increase its assets by more than C\$1 billion over the next 12 months from new recruits--many of whom are financial advisers who oversee at least C\$100 million in assets. Richardson GMP, now with roughly 113 advisory teams, has hired five adviser teams that brought in C\$500 million in new assets.

"All indications are that the fourth quarter will be strongly profitable," said Marsh, who has been at the helm of the unit since April. He replaced James Werry, who left the firm several months after the merger was completed in November 2009.

"With all the work behind us getting the two firms together, we're very, very excited about some of the interesting things that we can do to grow from there," Marsh added. Richardson GMP also plans to roll out new products that would make some discretionary fee-based programs, which are typically reserved for high-net-worth clients, more affordable to clients, according to Marsh.

Integration-related costs for Richardson GMP hasn't been cheap. For the third quarter, the firm posted an operating loss of C\$335,000, down from the C\$1.1 million loss from the third quarter last year and from the C\$1.6 million loss from the previous quarter. To date, the Toronto-based wealth-management firm's assets under management stood at C\$13.4 billion, up by 22% from C\$11 billion at the time of the merger.

The firm has also been integrating products, such as the separately managed account programs of both Richardson Partners and GMP Capital Inc. Marsh said the firm is now 70% of the way through refining its manager list and is looking at creating separately managed accounts for low-cost exchange-traded fund portfolios.

Richardson GMP plans to roll out a separately managed account for low-cost exchange-traded fund portfolios.

"More and more Canadians are also looking for low-risk, tax-effective retirement income investment ideas so we're looking at different ways we can create monthly income pools [for them]," Marsh said.

A GMP securities technical quant/approach trader will be developing investment models for the upcoming ETF portfolios that are expected to be cheaper than the usual separately managed account platforms.

Marsh couldn't say at this point how much is the minimum investable assets required to get into the new program, but Cornerstone, Richardson GMP's existing separately managed account, has a minimum eligibility of C\$100,000.

"There are three challenges in our integration: operational, cultural, and financial," Marsh said. "And with that behind us, we're ready to grow."

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