

Business

Right on the money

City's financial services industry in Canada's Top 3

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WINNIPEG may be a middleweight city in most economic matters, but when it steps through the ropes into Canada's financial services ring, it jumps into the heavyweight division.

Two of the country's biggest corporations call Winnipeg home, insurance giant Great-West Lifeco and IGM Financial, parent firm to Investors Group, the mammoth mutual fund company.



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Gregg Filmon of Value Partners Investments: 'People joke about Winnipeg being the wholesale capital of the world. That's an attitude that we all share.'

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When you add in others, such as high-end players Wellington West Capital and Richardson Partners Financial, Wawanesa Insurance and investment-counselling firm Cardinal Capital Management, Winnipeg is Canada's No. 3 centre for financial services, trailing only Toronto and Montreal.

"Winnipeg punches way above its weight in terms of the financial services sector," says Dan Richards, president of Strategic Alternatives, a Toronto-based consulting firm to the industry.

"Winnipeg has a mercantile mindset that is at its roots.

That's not there in Calgary and Vancouver to the same extent. They're much more resource based."

Winnipeg's reach and influence extends far beyond the downtown headquarters of their big players here. Richards says virtually every Bay Street heavyweight has a Winnipegger in one of its corner offices, such as Rick Waugh, president and CEO of Scotiabank, Randy Ambrosie, president of AGF Funds and Bruce Rothney, deputy chairman of RBC Capital Markets. Chuck Winograd stepped down as chairman and CEO of RBC Capital Markets in 2007 after more than four decades in the industry, including a stint at Winnipeg-based Richardson Greenshields. Collectively, they're known as the Manitoba or Winnipeg Mafia.

Charlie Spiring, CEO of Wellington West, says much of the credit for the industry's strength, both here and across the country, goes to the I.H. Asper School of Business, which has been churning out financial talent for decades.

"A lot of the smart people that run these places came from (the Asper school).

Bay Street is littered with a lot of great Winnipeggers," he says.

The exodus is waning, however, as graduates are increasingly finding challenging roles at growing Winnipeg firms.

"We used to lose a lot of people to Toronto because we didn't have enough good jobs for the graduates of the U of M. The grads couldn't wait to get out of Winnipeg (before), but now a lot more of them are staying in Winnipeg," he says.

Spiring says one of the biggest changes he has seen over the last decade is the response of Bay Streeters when Wellington West underwrites a public offering.

"Bay Street is listening to and respecting the Manitoba business crowd. The banks are happy to accept our due diligence, they're happy to accept a Wellington lead (on a public offering)," he says.

"Five years ago, that wasn't necessarily the case and 10 years ago, they never would have accepted an independent lead. It's part of us growing up, getting better and having a longer-term reputation," Spiring says.

Every local firm would love to grow up and become Investors Group, which



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Wellington West Capital: Assets \$8 billion [Photo Store](#)



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Investors Group: Assets \$47.5 billion [Photo Store](#)

billion, it's hardly on the tip of consumers' tongues. That's because its customers are insurance brokers who, in turn, recommend Wawanesa products to the general public.

Tim Burt, CEO of Cardinal, says the financial services industry has continued to grow throughout the economic downturn, too. The good news for the sector, he says, is that demographics are working on its side. With an aging population, the need for health-care services and retirement and estate planning, setting up family trusts and managing financial affairs will increase. He says he is further buoyed by the market's 25 per cent recovery from March's lows. "I think I've noticed a shift in sentiment from the extreme pessimism in February and early March. I wouldn't say it's a bullish tone but an optimistic one."

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Financial sector snapshot

Every local firm would love to grow up and become Investors Group, which was founded in Winnipeg in 1926. Murray Taylor, its president and CEO, says relocating to Bay Street to be closer to the action has never been on the boardroom table.

Taylor says because Investors Group does business from coast to coast, being headquartered in Winnipeg enables its people to easily communicate with branch offices at both ends of the country. He says he likes to compare the company to the Winnipeg Blue Bombers.

"Are we in the East (division) or are we in the West? It depends on the year. Culturally, being in Winnipeg gives us a view and respect of Canada that's a little bit harder to achieve if you're in Toronto or Calgary," he says. As the two giants have grown, they have spawned a growing number of spinoff firms that are increasing the depth and breadth of work being done in Manitoba.

For example, Marty Weinberg founded Assante Corp. (which he later sold to CI Fund Management for \$846 million) and Pavilion Investment House, which has operations in private-equity and high-net-worth investing, after getting his start at Investors Group. Rival Capital Management, an asset management boutique, was launched a couple of years ago by former Great-West Life fund managers Rob Hall and Tony Warzel.

Investors Group and Great-West fingerprints aren't on every company, however. Value Partners Investments, a mutual fund firm with \$285 million in assets, started four years ago to take on the industry behemoths. Thus far, it has been an unqualified success, posting positive net sales during the market downturn while many Torontobased firms -- including some of the bank-owned mutual fund arms -- have lost many millions and even billions of dollars.

Gregg Filmon, president of Value Partners, says he and the other principals at the company decided to go to school on the richest people they knew.

"The retail investment industry is, by and large, selling products, not principles of wealth creation. All the wealthy people in town got wealthy by owning businesses. The way to create wealth is very simple -- you have to save money and invest it in profitable businesses that pay you to own them," he says.

Filmon says he doesn't think an enterprise such as Value Partners would have been possible or built up to such a degree in another city.

"People joke about Winnipeg being the wholesale capital of the world. That's an attitude that we all share to various degrees. Frugality and a conservative approach to investing, that was instilled in me at a very early age. You spend less than you make, invest in things you understand and in people you trust and never overpay for anything. If we're going to give advice to people on what they should be doing with their money, we have to live those principles and live within our means, which is way easier to do in Winnipeg than anywhere else," he said.

He'll get no argument from Gary Timlick, chief financial officer and vice-president of Wawanesa Insurance. The company, which was founded in 1896 in Wawanesa, about a 30-minute drive south of Brandon, is the country's largest mutual insurer with 2,200 employees across Canada and the U.S., including 510 in Manitoba. Even though it has annual premiums of \$1.9

Value Partners Investments



JOE BRYKSA / WINNIPEG FREE PRESS
Gret-Wsest Lifeco: Assets \$178.7 billion [Photo Store](#)

What it does: The four-year-old firm offers five mutual funds, three of which are managed by Cardinal Capital Management.

Assets: \$285 million

Employees: 10

Did you know? President Gregg Filmon's band, Fiscal Stimulus (feat. Miss Calculation), won the battle of the bands at Winnstock 2009 last month.

Cardinal Capital Management

What it does: The investment counselling firm offers ongoing discretionary management of a client's personal investment portfolio.

Assets: About \$800 million

Employees: 26

Did you know? The firm recently created The Cardinal Foundation to oversee its philanthropic activity. Its first move was to donate \$100,000 to the Canadian Museum for Human Rights.

Wellington West Capital

What it does: One of Canada's leading independent brokerages provides investment services for an increasingly high-net-worth crowd.

Assets: \$8 billion

Employees: 600

Did you know? The firm is home to Jennifer Jones, two-time defending Canadian women's curling champion, who serves as its in-house counsel.

Wawanesa Insurance:

What it does: It is one of the largest property and casualty insurers in Canada.

Assets: More than \$4.6 billion

Employees: 2,200 in North America, including 510 in Manitoba.

Did you know? The company was founded in the village of Wawanesa, Manitoba, in 1896.

Investors Group:

What it does: One of Canada's leading mutual fund companies offers a wide range of funds and investment products through its in-house consultants.

Assets: \$47.5 billion

Employees: 952 at head office and 4,479 consultants across the country

Did you know? Investors Group introduced its first mutual fund, Investors Mutual of Canada, in 1950. Seven years later, it became one of the first companies in Canada to offer Registered Retirement Savings Plans (RRSPs).

Great-West Lifeco

What it does: Long one of Canada's largest insurance companies, Lifeco provides a wide range of insurance, segregated funds and mutual funds.

Assets: \$178.7 billion

Employees: 3,129

Did you know? Great-West Lifeco is the sister company to Investors Group as both are owned by Montreal-based Power Financial Corp.

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