



5 Reasons to Consider Power Corporation of Canada for Your Portfolio

Description

Power Corporation of Canada ([TSX: POW](#)) is a diversified global management and holding company that has interests in companies in financial services, communications, and other business sectors.

Incorporated in 1925, the company offers five fundamental strengths to income investors seeking an established company with a long history of successful operations.

1. Assets and Canadian market reach

Power Corporation of Canada, through another holding company **Power Financial Corporation** (TSX: PWF), (65.8% interest), owns controlling stakes in **Great-West Lifeco Inc.** ([TSX: GWO](#)) and **IGM Financial, Inc.** ([TSX: IGM](#)), and a large stake in Pargesa Holding SA.

In 2013, Power Corporation's assets under administration totaled \$877 billion. In total, its companies serve more than 12 million customers in Canada (roughly one in three Canadians).

Moreover, Power Corporation's IGM Financial is one of Canada's top personal financial service companies. IGM Financial companies include Investors Group Inc., Mackenzie Financial Corporation, and Investment Planning Counsel Inc.

2. Great-West Lifeco

Great-West Lifeco has operations by way of The Great-West Life Assurance Company, London Life Insurance Company, The Canada Life Assurance Company, Irish Life Group Limited, Great-West Life & Annuity Insurance Company, and Putnam Investments LLC.

Through these companies, Great-West Lifeco has operations in Canada, the U.S., Europe, and Asia. For Q1 2014, Great-West Lifeco had net earnings of \$587 million or \$0.587 per common share versus \$517 million or \$0.544 per common share for Q1 2013. This represents an increase of 13.5%. Its consolidated assets under administration as of March 31, 2014, increased to \$806 billion. This represents an increase of \$48 billion from December 31, 2013.

3. Geographical diversification

Power Corporation of Canada is well-diversified globally. Its Power Financial operating earnings by geography comprise of Canada: 58%, Europe 30%, and the United States 12%. Its Pargesa Holdings, via Groupe Bruxelles Lambert, has major positions in large European-based companies.

4. Cash flow

Power Corporation of Canada is a cash flow generator. In 2013, its operating activities resulted in a net cash inflow of \$5.56 billion, versus a net cash inflow of \$5.24 billion in 2012.

For Q1 2014, the company's cash and cash equivalents (consolidated basis) increased \$186 million, versus an increase of \$205 million in Q1 2013. Its operating activities resulted in a net cash inflow of \$1.27 billion for Q1 2014, versus a net cash inflow of \$630 million in Q1 2013.

5. Dividends

Power Corporation of Canada pays a quarterly dividend and its current dividend yield is 3.60%. Its five-year average dividend yield is 4.30% and its annual payout is \$1.16. In May, the company's board declared a quarterly dividend of \$0.29 cents per share on the participating preferred shares and the subordinate voting shares of the corporation. In 2013, the company's total dividends declared were \$586 million.

Consider the five strengths listed above for Power Corporation of Canada. Its strong fundamentals and portfolio of well-known companies offer steady income from essential sectors.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:GWO (Great-West Lifeco Inc.)
2. TSX:IGM (IGM Financial Inc.)
3. TSX:POW (Power Corporation of Canada)

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