

# Power Financial Corp: The Best Financial Stock in Canada Right Now

## Description

I think **Power Financial Corp** (TSX: PWF) is the best choice for investors who want to own a dividend-paying financial company without taking on the risks currently facing the big banks.

As Canadian home and condo buyers continue to pay record prices for properties and load up on cheap mortgage debt, concerns about rising interest rates and the possibility of a housing bubble continue to grow.

In July, **Morningstar** released a report saying it expects the that Canadian housing market will fall as much as 30% after it peaks.

Here are three reasons to buy Power Financial instead of the Canadian banks.

### 1. Insurance assets

Power Financial owns **Great-West Lifeco Inc.** ([TSX: GWO](#)), which has diversified interests in life insurance and health insurance companies in Canada, the U.S., Europe, and Asia.

An increase in interest rates might be bad for mortgages but it will be welcome news for insurance companies because they will earn higher returns on the funds they collect from policyholders.

### 2. Financial planning and wealth management assets

Planning for retirement used to be much easier than it is today. In the past, most people relied on a company pension or the equity in their homes to get them through their golden years.

Now, many Canadians don't have company pensions and need to manage their own retirement funds. For people who are getting into the housing market for the first time, there is no guarantee their home will turn out to be a good investment.

Power Financial also owns **IGM Financial Inc.** ([TSX: IGM](#)), one of Canada's largest managers and distributors of mutual funds and other managed asset products. The company has more than \$140 billion in total assets under management.

Many Canadians turn to IGM's financial advisors for help with retirement planning, and invest their savings in the company's funds.

As money continues to move from baby boomers to their children, demand for financial planning services and products should grow. Despite the occasional correction, stock markets trend higher over the long term and Canadians will likely invest in the markets as they plan for a comfortable retirement.

### 3. European rebound

Power Financial has a significant interest in Pargesa Holding SA, a European holding company that owns large positions in some of Europe's best global businesses.

Among the holdings are global cement leader Lafarge SA, oil and gas giant **Total SA (ADR)**, electric utility company GDF Suez SA, and wine and spirits maker Pernod Ricard SA.

Europe is slowly emerging from its economic difficulties and the world continues to consume more fuel, electricity, and alcohol.

### Why invest?

Power Financial Corp offers investors a diversified opportunity to benefit from increases in interest rates, demand for retirement planning, and renewed global growth. A subsidiary of **Power Corporation of Canada** ([TSX: POW](#)), Power Financial holds all the best assets of its parent company.

The company pays a dividend of \$1.40 yielding about 4%. This matches or beats all the big Canadian banks.

Investors in Power Financial can avoid the direct risks associated with the bursting of a Canadian housing bubble and collect a great dividend while they wait for interest rates to move higher.

### 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)

### Category

1. Investing

### Date

2025/07/04

### Date Created

2014/08/18

### Author

aswalker

default watermark