



This 1 Stock Can Generate a Powerful 4.5% Yield for Your Portfolio

Description

The never-ending search for yield has led investors to look high and low across industries and sectors, searching for the highest possible yield that is sustainable, defensible, and that will grow over time.

Power Corporation of Canada ([TSX:POW](#)) is a well-diversified conglomerate of businesses spanning industries and vast geographical areas. To say that it is a pure-play income-only stock would do this company a disservice. The company's asset portfolio continues to expand through acquisitions and grow via its subsidiaries, which include, but are not limited to **Power Financial Corp.**, **Great-West Lifeco Inc.**, **IGM Financial Inc.**, and **Pargesa Holding SA**.

The diversification effect of the company's underlying businesses in different market segments allows Power Corporation to continue to grow sustainably and responsibly with investors receiving some incredibly stable returns over time.

While Power Corporation may not be a stock that will blow your portfolio out of the water, strong dividend growth combined with capital stability and slight capital appreciation over time is a perfect recipe for long-term investors looking for exposure to a range of financial services and insurance companies, the likes of which are held in Power Corporation.

Emerging market exposure

One of the interesting aspects of Power Corporation is the company's unique exposure to the Asian markets. In the 1970s, Power Corporation's founder Paul Desmarais Sr. was one of the first enterprising Canadian businessmen to invest in China and helped to form relations between Canada and China at the time. Today, the company has continued to advance this investment thesis, investing additional funds in **China Asset Management Co.**, an asset management firm with total assets under management of approximately \$220 billion.

Power Corporation agreed to purchase an additional 3.9% of China Asset Management for \$179 million; along with a previous 10% equity investment in the firm, this brings the parent company's ownership interest in China Asset Management to 13.9%. The company's subsidiary, Mackenzie Financial Corporation, has also announced it has made an equity investment of 13.9% in China Asset

Management for the same amount (13.9%), bringing Power Corporation's consolidated ownership of this firm to 27.8% total.

The long-term upside potential of these continued investments in China represent additional potential drivers for the company's long-term prospects and have generally been viewed positively by the financial markets.

Bottom line

Power Corporation is a proverbial "slow and steady" stock, one which is best suited for an income-focused investor with the longest of time horizons. While other, higher-yield and potentially more exciting plays currently exist in the financials/insurance industries today, Power Financial is yet another tool available to investors to receive relative stability over time with exposure to the aforementioned insurance and finance industries long term.

Stay Foolish, my friends.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:POW (Power Corporation of Canada)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Date

2025/07/21

Date Created

2017/05/11

Author

chrismacdonald

default watermark