



## Power Corp.'s New Structure Working in Investors' Favour

### Description

Over the past 15 months, **Power Corp.** ([TSX:POW](#)) has seen some impressive stock price appreciation. The company is now trading well in excess of its pre-pandemic highs. Accordingly, investors seem to be bullish on the consolidation that Power Corp.'s management team has made to its corporate structure.

Power Corp. has found a way to juice its earnings and overall performance via these changes. And investors are continuing to pile into this name.

Here's why I think this [dividend stock](#) could be an interesting long-term holding, even at these higher levels.

### Long-term benefits from recent changes

Power Corp.'s simplification strategy has worked wonders for shareholders of late. The company's been moving to consolidate its holdings, continuing to divest of non-core businesses. Over the next few years, the company plans to continue executing this strategy. Various recent sales, including that of EV manufacturer Lion Electric and other non-financial services companies, continue to play out.

Power Corp.'s long-term vision of the future is one of focused execution. While the company does like the growth the EV sector provides, it appears Power Corp.'s management team wants to keep its nose to the ground on its core insurance and wealth management businesses.

Power Corp. still has a ways to go to become a pure-play financials company. However, it's clear the company's focus is paying off. Investors can better assess the true value of the company's assets. And in this rising rate environment, Power Corp. stands to benefit as much as its larger peers in this space.

Indeed, Power Corp.'s share price is now within a hair of its previous all-time high seen before the financial crisis. A lot's happened since then. But today, Power Corp. looks leaner and meaner than ever.

## Bottom line

Power Corp.'s growth into a financial powerhouse has come about partly because of the company's diverse investing policies of the past. Indeed, Power Corp.'s initial investment in Wealthsimple and other early-stage fintech companies have panned out extremely well. The company's invested in more than 50 fintech plays, and many of these are now core holdings for the conglomerate.

As these investments grow in size, investors in Power Corp. stand to benefit from a more concentrated portfolio. As the company's management team spins off non-core businesses, the expectation is that this cash will be reinvested in its core financial holdings.

And invest, the company has.

Power Corp. has plugged \$6 billion into four deals this past year in Canada and the United States. Investors hoping for more growth on the horizon ought to view these concentrated, larger deals positively.

Power Corp. is one of those difficult to value businesses with a tremendous amount of hidden value right now. Accordingly, it's an undercovered name I'm bullish on today.

### CATEGORY

1. Dividend Stocks
2. Investing

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### TICKERS GLOBAL

1. TSX:POW (Power Corporation of Canada)

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