



## A Fantastic Year for Brookfield

### Description

Last Friday, **Brookfield Asset Management** (TSX:BAM.A)([NYSE:BAM](#)) reported excellent results for the year 2013. Funds from operations (FFO) was \$3.4 billion for the year, and net income was \$3.8 billion, both records for the company. Brookfield's fourth quarter FFO even doubled from the year before. The shares, which traded in the mid \$20s less than two years ago, now trade in the mid \$40s, right at their 52-week high.

Brookfield is a global alternative asset manager with various subsidiaries, most of which also trade on the public markets. The company holds 89% of **Brookfield Property Partners** ([TSX:BPY.UN](#))(NYSE:BPY), 65% of **Brookfield Renewable Energy Partners** ([TSX:BEP.UN](#))(NYSE:BEP), 28% of **Brookfield Infrastructure Partners** ([TSX:BIP.UN](#))(NYSE:BIP), as well as privately held Brookfield Capital Partners (a private equity business).

If one adds up Brookfield's stake in the listed issuers above, based on market prices, the stakes are collectively worth about \$9 billion, or only \$15 per Brookfield share. But the real attractiveness of Brookfield Asset Management is the fees that the company can charge to these listed companies for running the funds. Likewise, Brookfield also earns substantial fees from its private equity business. In 2013, fee-bearing assets increased by 32% to \$79 billion, and Brookfield is able to earn annualized fees of about \$1 billion based on these assets.

The future looks bright for Brookfield, as it is positioning itself around three key themes over the next three years. First of all, the company plans to continue focusing on Europe, where it believes that asset sales must take place. A second focus is the "unwinding" of emerging markets, where Brookfield plans to step in right as others are fleeing. Finally, the company plans to take advantage of volatility in commodity prices by going after power and infrastructure opportunities.

Brookfield is notoriously complicated, but fortunately for its shareholders, the company has a fantastic track record. For example, Brookfield's common shares have returned about 20% per year over the past 20 years (including dividends), more than doubling the rate of the S&P 500.

## **Foolish bottom line**

People who are willing to put their faith in strong management, without needing to know all the details, may want to consider investing in Brookfield Asset Management. Those who have done so up until now are glad they did.

## **CATEGORY**

1. Investing

## **TICKERS GLOBAL**

1. NYSE:BIP (Brookfield Infrastructure Partners L.P.)
2. NYSE:BN (Brookfield Corporation)
3. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)
4. TSX:BN (Brookfield)

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