

## These 2 Companies Have Returned 16% per Year for 20 Years

### Description

If you're looking for companies that make a lot of money and have a great track record — and who isn't? — then look no further than Canada's two major alternative asset managers. Both **Brookfield Asset Management** (TSX: BAM.A)([NYSE: BAM](#)) and **Onex** (TSX: OCX) have delivered outstanding returns for multiple decades, and are poised to continue doing so.

But which one should you add to your portfolio? Below we take a look at each.

#### Brookfield Asset Management

There is no denying the fact that Brookfield has an outstanding track record. Over the past 20 years, its shares have returned 19% per year, compared to only 9% for the **S&P 500**. Over a time period this long, this result can only come from consistently finding and executing great deals. One should expect the company to keep this up.

So how expensive are the shares? Well, Brookfield owns stakes in various publicly traded entities — **Brookfield Property Partners** ([TSX: BPY.UN](#))([NYSE: BPY](#)), **Brookfield Renewable Energy Partners** ([TSX: BEP.UN](#))([NYSE: BEP](#)), and **Brookfield Infrastructure Partners** ([TSX: BIP.UN](#))([NYSE: BIP](#)) — that collectively are worth about \$10 billion. Brookfield as a whole has an enterprise value of just under \$30 billion. So you're paying about \$20 billion for the rest of the business.

That part of the business earned about \$1.4 billion last year, so you're paying about 15 times earnings. This is not a bad multiple for a company with such a great history.

One criticism of Brookfield is its complexity; it can take a long time for a shareholder to figure out what exactly he or she is buying, and the organizational structure does change with some frequency.

#### Onex

Like Brookfield, Onex has an excellent track record — the shares have earned 16% per year over the last 20 years, almost as much as Brookfield. Again, that can only come from making wise investments. And also like Brookfield, there is no reason not to expect that to continue.

So how expensive are the shares? Well, as of the end of last year, the company had \$5.8 billion of its own capital, and the market capitalization of the company was \$7.5 billion. So you'd be paying a slight premium for a company with such a strong track record. But that's not all. Onex also invests over \$11 billion of other investors' assets, and earns substantial revenue for doing so.

Like Brookfield, Onex is quite complicated, so by buying the shares you would be placing a big trust in management. Onex has also come under especially heavy criticism for executive compensation; last year, CEO Gerald Schwartz was paid \$123 million.

## Should you invest in either one?

Both of these companies have such a strong track record that they probably deserve at least a small portion of your portfolio, as long as you're willing to put a lot of faith in management.

## 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)
5. TSX:ONEX (Onex Corporation)

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