



2 Private Equity Firms With Strong Dividends and Diverse Portfolios

Description

Private equity firms invest in other companies and give investors an opportunity to earn income from diverse holdings. **Brookfield Asset Management** (TSX: BAM.A)([NYSE: BAM](#)) and **Onex** (TSX: OCX) are two well-known Canadian companies that invest in other businesses. Here's a comparison of the two for due diligence for your portfolio.

Company focus

With a market capitalization of approximately \$29.5 billion, Brookfield Asset Management focuses on property, renewable energy, infrastructure, and private equity. Brookfield Asset Management owns and manages one of the largest portfolios of first-rate office properties and renewable energy generating facilities. It also owns and manages long-life infrastructure assets, such as utilities, transport and energy, and timber lands.

With a market capitalization of approximately \$7.1 billion, Onex's private equity investment activities are conducted solely via the company's Onex Partners and ONCAP fund families. The company's focus is on investments in private equity, real estate, and credit securities. Its current businesses include electronics manufacturer **Celestica**, insurance brokerage USI Insurance Services, and aerostructures company **Spirit Aero Systems**, among many others.

Recent results

Brookfield Asset Management's consolidated net income for Q1 2014 was \$843 million, or \$0.80 per common share. This represents an increase of 57% over the net income of \$0.51 per common share in Q1 2013. Funds from operations for its shareholders were \$492 million for Q1. Excluding realized disposition gains, funds from operations increased 6% to \$387 million over Q1 2013.

For Q1 2014 on a consolidated basis, its revenue increased 3% to \$6.5 billion versus Q1 2013. Its consolidated net earnings were \$99 million versus a net loss of \$271 million in Q1 2013.

Brookfield Asset Management is trading close to its 52-week high of \$48.79. Onex is trading close to its 52-week high of \$68.43.

Acquisitions and more

In Q1 2014, Brookfield announced or completed acquisitions and capital expansions that will utilize \$6 billion of capital for clients and company shareholders. Its property group made nine acquisitions, employing nearly \$400 million of capital into assets in North America, Europe, and China. Thayer Lodging Group announced its acquisition by Brookfield Asset Management in May. Thayer is a privately held investment company that invests in hotel real estate.

This week, Onex announced that it agreed to acquire York Risk Services Group for \$1.33 billion. York is a leading provider of risk management, claims management, and managed care services. Additionally, this week Onex announced that it completed the sale of Cypress Insurance Group to a group of private investors for \$63 million.

Dividends

Brookfield Asset Management's current dividend yield is 1.46% and its five-year average dividend yield is 1.7%. Its dividend rate is \$0.64. Brookfield's three-year average dividend growth rate is 8.42%.

Onex's current dividend yield is 0.32% and its five-year average dividend yield is 0.3%. Its dividend rate is \$0.20. Onex's three-year average dividend growth rate is 14.84%.

Private equity firms offer investors the opportunity to own a slice of many pies through the diverse holdings they have in their asset portfolios. I hope this gives you a good starting point to further research these companies for your portfolio.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:BN (Brookfield Corporation)
2. TSX:BN (Brookfield)
3. TSX:ONEX (Onex Corporation)

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