



3 Reasons to Buy Brookfield Asset Management Inc.

Description

Brookfield Asset Management Inc. (TSX: BAM.A)([NYSE: BAM](#)) is a management company based in Toronto that operates a portfolio of assets around the world. The company takes investor money, buys up companies, and then further grows the business.

For example, one of Brookfield's companies, **Brookfield Property Partners L.P.** ([TSX: BPY.UN](#))(NYSE: BPY) recently bid \$110 for the Atlantic City casino and hotel, Revel. And it won the bid.

That's just one of the many companies that Brookfield owns. And that's what makes it such a fantastic buy.

1. Brookfield is very diversified

Brookfield has over \$175 billion under management. And that's in sectors such as renewable energy, construction, and property ownership. It owns massive acreage of timberlands and operates the entire paper production process.

What this means is that it is tremendously diversified. If the casino business were to suffer, a casino holding company would be hurt. But Brookfield could handle those struggles because it is also in many other companies.

Financial experts say that people should diversify their portfolio and I completely agree with this. But Brookfield allows you to be diversified even with one company. By being in so many different sectors, Brookfield always has money coming in which allows it to buy up other assets.

The strongest way that it does this is with its Brookfield Capital Partners I, II, and III. These are funds that were raised in 2001, 2006, and 2010 that buy companies that are distressed. This makes them strong buys. Brookfield is then able to turn those companies around, grow them, and then either sell them, take them public, or run them for the profits.

2. That dividend is so sweet

Brookfield pays a modest 1.38% annual dividend yield. It's definitely not the highest dividend out there, but what makes this appealing to me is that it is consistent. Because Brookfield has continued to grow, it has constantly been willing to pay its investors parts of the profits.

Because this company is going to continue to grow, in my opinion, that yearly 1.38% could really turn into a nice income. Take it and reinvest it into more shares of the company and when you retire, you could have a nice supplemental income.

3. The fundamentals are strong

What makes this stock tremendous is the fact that the fundamentals are so strong. Its EPS is 4.70. Its P/E ratio is 11.3. I find a company to be valuable when its P/E is less than 12. By being under that level, I view it as a buy right then and there.

Take the much larger **BlackRock, Inc.** ([NYSE: BLK](#)). The P/E is 17.99. There's also **Fairfax Financial Holdings Limited** ([TSX: FFH](#)) that has a P/E of 18.2. Both of these are technically competitors of Brookfield and are in a similar sector. Yet, the P/E ratios of these companies are significantly higher. This leads me to believe that the company might be a little undervalued.

Brookfield Asset Management is a buy

At this point, Brookfield Asset Management is a buy in my opinion. The stock has shown tremendous growth over the past year. And as it continues to invest in new companies, I expect it to grow even more. I think you should get in before its P/E starts to close in on its competitors.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:BN (Brookfield Corporation)
2. TSX:BN (Brookfield)
3. TSX:FFH (Fairfax Financial Holdings Limited)

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Author

jaycodon

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