



## 2 Big Reasons Brookfield Asset Management Inc. Is Recession-Proof

### Description

The recent batch of mixed economic data has reinforced concerns that we are in for a global economic slowdown, and with the last recession still fresh in everyone's minds, many investors may be panicking, wondering where to put their money or if they should be invested in equities at all.

There is no reason to exit or avoid the equities at all; in fact, the right investments during times of uncertainty can lead to great profits down the road. Here are two reasons why **Brookfield Asset Management Inc.** (TSX: BAM.M)([NYSE: BAM](#)) is a safe place to put your money during times of uncertainty.

#### 1. Diversity

Certain industries perform better than others during particular times of the economic cycle. The problem with a company exposed to one industry is it often shows volatile movement during different phases of the economic cycle. The benefit in Brookfield Asset Management is that it is exposed to a variety of businesses. The company holds approximately \$200 billion in assets, which are focused on real estate, renewable energy, infrastructure, and private equity. Its large size and diversified business means that it can adjust its strategy to adapt to a changing business climate.

Another thing to note is that while real estate, renewable energy, and infrastructure may struggle a bit if the economy takes a dive, the company's private equity exposure can help prevent steep losses during economic downturns. In fact, an economic downturn could be a positive for private equity companies because it can present the opportunity to add to its portfolio by buying struggling companies for a good deal.

#### 2. Stable performance

The company has returned 180% to investors over the past 10 years. While the company's stock has not been immune to past economic cycles, when it falls, it also rebounds quickly, often scaling new heights in the rebound cycle. It is basically impossible to find a stock that does not fall at all when the economy turns sour, but many companies are damaged enough in downturns that it takes years and years to recover, and some never return to their past glory. Brookfield Asset Management is as

resilient as they get, and a large reason why it is a good investment during an economic downturn.

### **Final thoughts**

Brookfield Asset Management's diversity is rare in today's business climate and combined with its history of a consistent, positive performance make it an ideal investment during times of economic uncertainty, but the company's benefits go one step further. Often, stocks that perform well during downturns don't perform as well when things turn around. Brookfield Asset Management is the opposite: It performs consistently well, making it a good stock to buy for uncertainty that you can hold through various economic cycles.

### **CATEGORY**

1. Investing

### **TICKERS GLOBAL**

1. NYSE:BN (Brookfield Corporation)
2. TSX:BN (Brookfield)

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