



## 1 Great Canadian Stock You Can Retire With

### Description

Most companies make plans for the next year. Some might even have a five-year plan. **Brookfield Asset Management Inc.** (TSX: BAM.A)([NYSE: BAM](#)), however, has them all beat as it knows where it wants to be 10 years from now. That ultra-long-term focus makes it a stock we can retire with.

### The 10-year plan

In Brookfield's last letter to shareholders CEO Bruce Flatt laid out the company's long-term plans. While Flatt noted that "no plans are without risks," he also said that the company believes firmly that its plan puts it on a path to create value. If the company is successful in its plan the outcome would result in the company's stock being worth US\$150 to US\$200 in 10 years' time. That's a pretty compelling future for a stock that's currently worth around US\$50 per share.

The plan has three basic parts. First, the company wants to grow its fee-based business by 10% per year by adding more fee-based capital under management. Basically, it wants to grow its subsidiaries like **Brookfield Infrastructure Partners** ([NYSE: BIP](#)) as well as the private equity funds it manages. If the company hits its target then by year 10 it would be collecting \$3 billion per year in fees.

The second part of the company's plan is to continue to grow the roughly \$30 billion of capital it invests on its balance sheet by an average rate of 12%-15% per year. Finally, the company plans to buy back shares over time when those shares sell at attractive prices. If Brookfield can accomplish all three goals over the next 10 years then its shares should easily be worth upwards of \$200 per share.

### Historical track record

All that being said, anyone can have a plan that sounds good on paper, but we all know that a plan needs to be based on realistic assumptions. In Brookfield's case, its plan might actually be a bit on the conservative side. Take the plan to grow its fee based business by 10% per year. That rate might actually be on the low end as Brookfield Asset Management has actually grown its fee bearing capital under management by 14% per year since 2010. This led to fee revenues jumping 27% per year over that same time frame. So, 10% annual growth might be an easy hurdle.

The other thing to keep in mind is the fact that Brookfield has an exceptional track record as an investor so the capital it is investing on its balance sheet is in good hands. The company has decades of experience delivering strong investing results. This is why its stock has averaged 19% compound annual returns over the past two decades, which is double the return of the broader market.

### **Investor takeaway**

Brookfield Asset Management knows where it wants to be a decade from today. Further, that plan to get there is backed by a very strong track record. That combination makes Brookfield a very compelling long-term investment and a great stock for retirement.

### **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)

### **Category**

1. Investing

### **Date**

2025/08/05

### **Date Created**

2014/12/05

### **Author**

mdilallo

default watermark

default watermark