3 Reasons to Own Brookfield Asset Management Inc. for 10 Years

Description

Life has been good recently for shareholders of **Brookfield Asset Management Inc.** (TSX:BAM.A)(NYSE:BAM). The alternative asset manager's shares have climbed by more than 50% in the past 12 months, and have more than tripled in the past five years.

That being said, it may not be too late to buy the company's shares. Below are three reasons why.

1. A strong track record

Brookfield's recent investors are not the only winners. The company has been delivering excellent results for a long time. In fact, shareholders have earned nearly 20% per year on their money over the last 15 years.

At the company's investor meeting presentation last fall, CEO Bruce Flatt said that Brookfield shares should be worth between US$150 and US$200 by 2024, well above the US$52 that the U.S.-listed shares trade at today. Based on past performance, Mr. Flatt deserves the benefit of the doubt.

2. A strong international presence

The Canadian economy has a number of dark clouds hanging over it, and any company with international exposure should have at least some appeal.

And Brookfield has that in spades. More than half of assets under management is in the United States, with the rest coming from South America, Europe, the Middle East, Asia, Australia, and some from Canada too.

This international presence comes with other benefits: it allows Brookfield to invest wherever the best opportunities are. And as seen below, the company is not starved for investment options.

3. Plenty of investment opportunities

You can hate the company all you want, but Brookfield tends to thrive when others are weak. To be specific, many of its investment opportunities arise when others are financially stretched, allowing the company to scoop up valuable assets at a bargain price.

For example, Brookfield managed to acquire a limestone quarry worth $1.6 billion for a price tag of only $50 million. How did it do this? Well, it bought the debt of a troubled company called Birch Mountain Resources Ltd., and when Birch Mountain defaulted on this debt, Brookfield took control of the company's equity, which came with that quarry. Brookfield also scored big with troubled steelmaker Stelco, as well as the Atlantis hotel in the Bahamas. The list goes on.

Today, Brookfield probably has more good investment options than it can handle. Cash-strapped governments around the world are keen to sell assets. So are highly leveraged European banks. And as the oil crisis deepens, Brookfield surely could scoop up some nice energy assets for a bargain.

At the end of the day, this is a story of execution. As long as Brookfield continues to deliver, then shareholders will see their money grow for a long time.

CATEGORY

1. Investing

TICKERS GLOBAL

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

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