Should You Buy Shares of Brookfield Asset Management Inc. Today?

Description

Brookfield Asset Management Inc. (TSX:BAM.A)(<u>NYSE:BAM</u>), one of the world's leading asset managers with over \$200 billion in assets under management, announced fourth-quarter earnings before the market opened on February 13, and its stock has responded by rising over 1.5% in the trading sessions since.

Let's take a look at the quarterly results to determine if we should consider establishing long-term positions today, or if we should look elsewhere for an investment instead.

Breaking down the quarterly results

In the fourth quarter of fiscal 2014, Brookfield's consolidated net income increased 99.9% to \$1.7 billion, or \$1.59 per share, from the \$850 million, or \$1.08 per share, reported in the year-ago period. Revenue decreased 14.5% to \$4.69 billion. These strong results can be attributed to the company's fee-bearing capital increasing 11.7% to \$88.54 billion, which led to fee-related revenues increasing 25.6% to \$206 million and fee-related earnings increasing 45.1% to \$103 million.

Here's a quick breakdown of eight other important statistics from the report compared to the year-ago period.

- 1. Total assets under management increased 9.1% to \$204 billion.
- 2. Total capitalization increased 14.8% to \$129.48 billion.
- 3. Debt-to-capitalization remained flat at 42%.
- 4. Direct costs decreased 6.5% to \$3.43 billion.
- 5. Gross profit margin expanded 700 basis points to 50%.
- 6. Funds from operations decreased 48.1% to \$535 million.
- 7. Core liquidity increased 17.9% to \$6.92 billion.
- 8. Brookfield ended the quarter with \$3.16 billion in cash and cash equivalents, a decrease of 4.6% from the third quarter.

Brookfield announced a 6.3% increase to its quarterly dividend to \$0.17 per share, and the next payment will come on March 31 to shareholders of record at the close of business on February 27.

Is now the time to buy Brookfield Asset Management?

Brookfield Asset Management is one of the world's largest asset managers, and increased assets and fee-bearing capital led it to post very strong fourth-quarter results. Its stock has responded accordingly by rallying over 1.5%.

Even after the post-earnings pop in Brookfield's stock, I think it represents a great long-terminvestment opportunity, because it still trades at very inexpensive valuations, including just 14.6 timesfiscal 2014's consolidated earnings of \$4.67 per share.

Furthermore, Brookfield pays an annual dividend of \$0.68 per share, which gives its stock a 1% yield at today's levels, and the company has increased its dividend for three consecutive years.

I think Brookfield Asset Management represents one of the best long-term investment opportunities in the market today. Foolish investors should take a closer look and strongly consider establishing longterm positions today.

CATEGORY

1. Investing

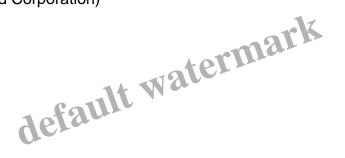
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- 1. NYSE:BN (Brookfield Corporation)
- 2. TSX:BN (Brookfield)

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