



3 Reasons to Look at Brookfield Asset Management Inc.

Description

One of the reasons that big companies get even bigger is because they have money to pounce when great opportunities present themselves. On top of that, because they have already grown their war chest, they have a better understanding about what makes a good investment and what doesn't.

Brookfield Asset Management Inc. (TSX:BAM.A)([NYSE:BAM](#)) is one of those companies that not only has the war chest to act, but knows exactly what kinds of investments to make. There are a few reasons why you should consider buying this stock.

1. Automatic diversification

Brookfield does exactly what its name suggests: manages assets. That means that it takes investors' money and invests it in energy, real estate, transportation, and many other sectors. On top of that, it invests in these industries around the world. For example, it has access to railroads in Australia.

What this means for you is that the second you buy, you've suddenly acquired a diverse company. If you buy a computer maker, they only make computers. And if you buy a car company, they only make cars. But when you buy Brookfield, you're getting a taste of everything. That means that when the markets are rough, different sectors will behave differently, insulating you from extreme losses.

2. Real estate

The company finished its going-private event for Brookfield Residential Properties Inc. back in March. It had already owned 70% of the company, but since Brookfield was flush with cash, it decided to acquire the rest to be the sole owner.

This gives Brookfield access to one of the largest home developers in the United States. As the real estate market continues to improve, this is going to result in increased cash flow for Brookfield.

I remain bullish on real estate and think there are many years of prosperity ahead of us. By owning the entirety of this division, Brookfield will be able to continue to grow its real estate holdings.

3. Dividends

Believe it or not, Brookfield's dividend is better than you would perceive at first glance. It's only 1.2%, which if you ask me, is not that great. But a company like Brookfield needs to keep money invested to grow the business. The larger its war chest, the more it can acquire.

But as investors, we have a right to earn money, and while the dividend is not that great, it's consistent and it grows. Even during the economic crisis, Brookfield didn't cut the dividend.

At the end of the day, Brookfield is a great company. Right now, it's at its all-time high, which could present some concern about buying right now. However, I do believe that it has many years of growth ahead of it. And while the dividend isn't great, it is consistent.

CATEGORY

1. Investing

TICKERS GLOBAL

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

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