



## You Need Global Diversification: Buy Brookfield Asset Management Inc.

### Description

There's a saying: it takes money to make money. The reason the average investor can't go out and make large, risky investments in the developing world is because we don't have enough capital backing us. And it's too bad because there are so many high-return investments in places like Brazil. Yet, due to our size, we're forced to sit out, watching the big boys take up large chunks of these developing economies.

This is problematic because solid diversification requires that we be in those parts of the world. If your portfolio is too Canadian focused, you run the risk of missing out on profits. Many investors say that it hurts more to see how much money they had missed out on than what they lost. Fortunately for you, I have just the company that will allow you to be diversified in these other parts of the world.

The company is called **Brookfield Asset Management Inc.** (TSX:BAM.A)([NYSE:BAM](#)) and like the name suggests, it is a company that manages assets. The company manages over US\$200 billion and puts that money to work in places all around the world. In other words, investors give Brookfield money, who then invests it with a lot of intelligence, and then they give their investors a significant chunk of the profits. Brookfield makes its money from the fees it generates from investing this money for investors.

And here's the thing: Brookfield is amazing at what it does. Over the past 20 years, the company has earned its investors around 20% on their investments each and every year. Consider that for a second. If you had put just \$1,000 into Brookfield 20 years ago, you'd be sitting on around \$38,000 today. Brookfield is just that good.

### How it really works

The reason that Brookfield is able to do this is because it puts its money where other people are too afraid to. In other words, when there is scarce capital in a region of the world, Brookfield comes in, and as the buyer, it gets to pick and choose the terms. This means it buys assets at a significant bargain.

The country that it has its focus on right now is Brazil. Sam Pollack, the CEO of Brookfield's infrastructure-investing unit said in a letter to investors that "we have historically been very successful

in acquiring large-scale businesses during periods when capital has been constrained.” Right now, capital is tight in Brazil, so it intends to invest 3.3 billion reais, which is equal to \$1.3 billion. While it sounds like a lot of money, it’s less than half a percent for Brookfield.

Yet, when Brazil’s economy does return in strength, the returns on this investment are going to be considerable. And you’ll get to benefit from it.

Diversification is important. There’s no denying that. But getting your hands on lucrative assets as an individual investor is difficult. Buying a company like Brookfield Asset Management is a smart way to provide further diversification away from just Canada.

## CATEGORY

1. Investing

## TICKERS GLOBAL

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

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