



## Buy Brookfield Asset Management Inc. to Gain Access to Distressed Assets

### Description

Many investors fail at diversifying their portfolios effectively. In many respects, it is their fault. But in some, investors simply lack the ability to buy the types of assets that could give an additional layer of diversification and reward them handsomely if the investment pays off.

One type of asset that you and I can't possibly get our hands on is distressed assets. A distressed asset is the type that is acquired when the owner has no choice but to sell. That means that they tend to be priced rather cheaply and, if the buying company can turn things around, oftentimes has wonderful returns on the investment.

One company that excels at buying these types of assets is **Brookfield Asset Management Inc.** (TSX:BAM.A)([NYSE:BAM](#)). As the name implies, Brookfield manages a collection of assets in a wide range of sectors. Limited partners give the fund large amounts of money, the company acquires investments, and then it gives the profits to the limited partners, minus management fees and a chunk of the profit.

What Brookfield excels at, though, is waiting until things get bad and then going in and buying up the assets. For example, it has had its eyes on Brazil for some time now. The CEO of Brookfield has said that the company is very good at going in and acquiring large-scale businesses during illiquid times. Because Brookfield has all this capital, it can go in when no one else can to buy up large companies.

Brookfield has plans to invest \$1.3 billion in Brazil, to buy up assets that are underpriced because there is no available capital. When things start to get better in the country, the value of those assets will rise and you and I will gain.

Another place that Brookfield could get involved is Greece. With the recently announced privatization fund, there will be €50 billion of Greek assets put away and managed locally as part of the bailout. Brookfield could find itself looking to acquire some of those assets since the prices are depressed.

### Brookfield diversifies your portfolio

By having over US\$10 billion in capital available to deploy at any time, Brookfield is in a unique

position to buy all sorts of assets that the average investor could only dream of owning. By owning shares in Brookfield, we are able to reap those benefits through a consistent increase in share price as well as the dividend.

To get an idea on how well investors have done owning Brookfield, imagine you had invested \$10,000 in the company 20 years ago. Due to the average 19% growth every single year that Brookfield has given to common shareholders, that \$10,000 would be worth \$320,000 today. And the CEO believes the company is just getting started, and expects to nearly triple the stock over the next decade.

## CATEGORY

1. Investing

## TICKERS GLOBAL

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

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## Date

2025/08/03

## Date Created

2015/07/16

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