# Why Brookfield Asset Management Inc. Should Be a Core Holding in Every Portfolio

## Description

It is during times of economic uncertainty that investors should focus on the long term and hedge their bets against increased market volatility by diversifying their portfolio and adding non-cyclical stocks. One company that stands out for these reasons and more is **Brookfield Asset Management Inc.** (TSX:BAM.A)(NYSE:BAM). As I will explain, this is a stock that should be a core holding in every portfolio.



**Now what?**

Brookfield is one of the world's leading alternate asset managers, with more than US$200 billion of assets under management and US$93 billion in fee bearing capital. It gives investors exposure to a globally diversified portfolio of assets in Canada, the U.S., Europe, China, and Australia.

These assets include infrastructure, property, renewable energy, and private equity, leaving it well positioned to take advantage of the growing global demand for infrastructure and the secular trend to clean renewable energy.

Many of the assets that Brookfield invests in operate in regulated oligopolistic markets and possess wide economic moats. This helps to protect its business from competition, and allows it to be a price maker rather than price taker.

Furthermore, the degree of geographic diversification across a range of developed and emerging economies helps to shield its business from regional economic downturns.

As a result of these characteristics, Brookfield has an enviable history of earnings growth. Between 2010 and 2014 annual net income per share doubled, which is an incredible compound annual growth rate of 15%. They also help to protect Brookfield's earnings, giving it a degree of resilience against downturns in the economic cycle, and making it a solid defensive addition to any portfolio.

I expect Brookfield to continue reporting solid long-term earnings growth because the company is focused on expanding its portfolio by acquiring high-quality, growth-oriented assets that are trading at a discount to their fair value. This strategy is supported by Brookfield's high degree of liquidity, with US$6 billion in capital available along with the deployment of US$10 billion towards a range of growth strategies during the first six months of 2015.

The deployment of this capital allowed Brookfield to make a number of acquisitions through its listed partnerships, **Brookfield Property Partners L.P.**, **Brookfield Infrastructure Partners L.P.** and **Brookfield Renewable Energy Partners L.P**. These included increasing its share in London's Canary Wharf commercial precinct to 50%, the US$6.6 billion purchase of Australian ports and logistics company **Asciano Ltd.,** as well as a range of renewable energy assets in Brazil, the U.S., and the U.K.

Another important attribute that investors should consider is that by investing in Brookfield they are able to access the advantages that come with emerging market exposure without leaving the safety of Canada. This is because of Brookfield's wide range of operations and assets in emerging economies including China, India, Brazil, Colombia, and Chile.

And let's not forget that Brookfield continues to pay a sustainable dividend yielding 1.6%, which will continue to reward patient investors as they wait for its share price to appreciate.

**So what?**

It is hard to pass up Brookfield as a core holding in any portfolio. Not only does it possess a range of attributes that leave it relatively immune to downturns in the economic cycle, but it has solid growth prospects and one of the best management teams in the business. Then investors have the advantage of obtaining emerging markets exposure, while receiving a regular and sustainable dividend payment.



**CATEGORY**

1. Investing

**TICKERS GLOBAL**

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

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