



Why I Think Every Investor Should Consider Brookfield Asset Management Inc.

Description

There are plenty of great companies available for investors to invest in. But there are few companies that I can comfortably say that every investor should consider owning. The one company that I genuinely believe is a can't-miss stock is **Brookfield Asset Management Inc.** (TSX:BAM.A)([NYSE:BAM](#)).

The business model of Brookfield is rather straight forward. It takes money from limited partners—which are different from common stock investors—and invests it for them in a wide range of assets and geographies. It buys infrastructure, real estate, and energy projects and invests in private equity. All told, the company has its hands in multiple pots. Brookfield makes money by taking a decent cut of the profits that it generates from its limited partners.

But that's what a lot of hedge funds and private equity funds do. The difference is that Brookfield is one of the best in the business. Its ability to identify assets that are undervalued has made the company incredibly successful. And we're not talking about small assets here. The company has a war chest of \$10 billion that it is looking to deploy, so it is always looking to make a large deal.

For example, it currently has an offer on the table to purchase **Asciano, Ltd.** for US\$6.6 billion. This is an Australian port company—the exact type of asset that Brookfield likes to buy. When economies are strong, ports are great businesses, and that's what Brookfield is banking on. Right now, it is competing with another consortium of investors looking to buy it, but I wouldn't be surprised if Brookfield increased its bid to seal the deal.

Another example of its ability to deploy assets is in Brazil. Brazil's credit rating dropped due to economic concerns. This makes it more expensive for businesses to get loans, putting them on track to go out of business. Brookfield has set aside \$1.2 billion to buy up entire infrastructure projects for pennies on the dollar. When the country's economy gets strong again, those assets will be worth much more, making Brookfield and its investors a lot of money.

Investors should buy Brookfield

In my opinion, buying this stock is a no-brainer. It has consistently rewarded investors with high growth

and a dividend. If you had invested \$10,000 in the company 20 years ago, that investment would be worth \$320,000 today. On average, the company has grown by 19%.

Brookfield also pays a small, but consistent dividend of \$0.16/share. This averages out to a yield of 1.38%.

The reality is that this is a company that knows how to take money, deploy it, and turn it into considerable profit. Investors that buy this stock should expect to see continued growth as that \$10 billion war chest is used to acquire assets.

CATEGORY

1. Investing

TICKERS GLOBAL

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

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