



Why Brookfield Asset Management Inc. Is a Great Investment

Description

Brookfield Asset Management Inc. (TSX:BAM.A)([NYSE:BAM](#)) is the largest alternative asset manager in the country. The company has been in business for over 100 years and has a portfolio of over \$200 billion in assets that are scattered across four continents. The company primarily focuses on acquisitions relating to real estate, renewable energy, private equity, and infrastructure.

Here's a look at Brookfield and why, if you aren't already, you should be invested in the company.

The Brookfield business model

Brookfield operates under a simple, yet lucrative business model. The company acquires funding from limited partners and invests those funds in various assets around the world. Typically, those assets are distressed, meaning Brookfield can come in, purchase those assets for a considerable discount, and then either turn them around and reap the profits, or wait for the market to improve and sell the assets for a considerable gain.

From a funding perspective, the company has a \$10 billion war chest ready to be used whenever the opportunity arises to purchase assets.

Between selecting the right assets to acquire and having a considerable financial reserve to call on, Brookfield has near-perfect business timing and financial muscle that few, if any, competitors can match.

Recent acquisitions

Brookfield has a \$6.5 billion offer on the table for freight firm Asciano Ltd. in Australia. Asciano owns and operates a number of terminals in Melbourne, Sydney, Brisbane, and Fremantle.

The deal is currently being reviewed with Australia's anti-trust regulator and, to ease concerns, Brookfield has stated that one of the target company's rail freight businesses will be sold in addition to one of the coal terminals.

Shortly after Brazil's credit rating dropped to near junk status, Brookfield put aside approximately \$1.2 billion to purchase massive infrastructure projects. The discount at which Brookfield will be able to acquire assets in Brazil is massive, as is the potential return the company can make in selling those assets once the economy there begins to improve.

Performance and history

Brookfield currently trades at just over \$31 and is down by nearly 6% year-to-date. Pushing this figure out over the long term, the stock is up by 50% over the past five years.

The company does provide a dividend payout to shareholders, but the lowly \$0.12 per quarter represents a yield of only 1.53%—hardly the amount an investor who is primarily focused on dividends would want.

Investors who are looking for long-term growth will be particularly pleased with Brookfield. In my opinion, there are few options in the market that have such an impressive record for acquiring distressed assets at bargain prices and then turning those assets into considerable profits.

CATEGORY

1. Investing

TICKERS GLOBAL

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

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