



Brookfield Asset Management Inc. Gives You Access to the Experts

Description

While I am very much a believer that with smart research and a disciplined approach, the average individual can be a good investor, there are many who believe that they're just not cut out for it. They believe that there is some significant difference between themselves and the "experts."

For those who want to invest in a company run by experts, my advice is to consider buying **Brookfield Asset Management Inc.** (TSX:BAM.A)([NYSE:BAM](#)). As the name implies, it is a financial company that takes money from investors and reinvests it into other projects. It keeps some of the profit for itself and distributes the rest to its limited partners.

Here's what Brookfield does...

It targets the types of assets you and me could never hope to acquire. It buys up entire infrastructure projects, such as railroads and ports. It invests billions in all parts of the world in an attempt to generate a significant return.

For example, in the first quarter of 2016 the company acquired 83% of Isagen power plant from the Colombian government, giving it access to 3,000 megawatts of hydro plants. It expects to acquire the other 17% soon. The total cost of this was \$5 billion. I can't deploy \$5 billion.

Here's another example. In mid-2015 it tried to buy Asciano, a rail and port company in Australia, for \$12 billion. While that deal didn't go down as expected, it did acquire a port business that operates container ports in Sydney, Melbourne, Perth, and Brisbane—some of Australia's biggest cities. This cost the company \$1.3 billion and gives it access to a very lucrative asset.

Being a buyer, though, and returning value to your investors are very different. Is Brookfield successful?

Without a doubt.

Its assets under management continue to grow with current levels at \$240 billion. Its fee-bearing capital is approximately \$114 billion, which is up from \$104 billion on March 31 and up from \$99 billion at the end of 2015. People are investing.

It is currently finishing up fundraising, from which it has raised \$25 billion—\$5 billion more than what it had originally set out to raise.

There has been talk about big investors withdrawing their money from these sorts of investment firms. That can't be further from the truth. The company is having no problems raising new money to deploy into new assets.

Perhaps the reason is because Brookfield excels at returning profits to its investors. And if you have been a long-term investor, you're likely very happy.

For example, if you had taken \$10,000 and invested in Brookfield 20 years ago, you'd be sitting on \$320,000 in value. Naturally, you would have had to hold through ups and downs, but the fact is that for 20 years, Brookfield returned 19% on average every single year.

The only way it is able to achieve those numbers is if it buys solid assets, generates strong cash flows from them, and continues to get new investors interested in working with Brookfield. To me, it sounds like Brookfield is firing on all cylinders. You may want to consider starting a position.

CATEGORY

1. Investing

TICKERS GLOBAL

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

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