



Diversify Your Portfolio With Brookfield Asset Management Inc.

Description

To most investors, diversifying your portfolio means selecting the right mix of investments, so in the event that one of those investments performs less than expected, your losses can be offset through more favourable performance in other stocks.

What if you could purchase a stock that is in itself a diversified investment?

Brookfield Asset Management Inc. (TSX:BAM.A)([NYSE:BAM](#)) is an alternative asset management company that has a storied history in business spanning over 100 years. It is the largest alternative asset company in Canada with a varying array of assets spanning Canada, the U.S., Australia, Brazil, and the United Kingdom with value of over \$240 billion.

Here's a look at what makes Brookfield the right investment for your portfolio.

Brookfield's business model works in nearly any market

Brookfield specializes in picking up distressed assets. The company acquires funding from a number of limited partners and then uses that funding to acquire assets. Even better, because those assets are distressed, the price that Brookfield pays comes typically at a steep discount.

Once the assets are acquired, Brookfield can hold on to the business until market conditions improve or dismantle the asset completely and sell the parts. Brookfield's business model plays off the natural boom and bust cycles of the economy. Because of this Brookfield will come out with a profit regardless of how it acts on the asset in the short or long term.

Brookfield is well funded and does not hesitate to move in on assets

Brookfield has always had a considerable war chest ready to spend on distressed assets. Last month the company announced the amount of capital available for acquisitions had increased to \$25 billion—the highest level ever seen.

Over the past year the company has spent nearly \$18 billion on a myriad of assets, including a self-

storage business, office buildings, multi-family residential projects and even power-generation wind farms. Brookfield also recently paid nearly \$12 billion to purchase Asciano Ltd., an Australian port and rail company.

The fact that the company has this level of financing and can move in on deals to acquire distressed assets is truly incredible and more than any other individual or company could expect. Also, because the assets that Brookfield acquires cover a wide array of business types and industries, there is an element of diversification at the company level.

Brookfield currently trades at \$44.11. The company is up by just 1% year-to-date, but this figure increases more over the long term. The company also pays a quarterly dividend of \$0.17 per share, giving the stock a yield of 1.54%.

While dividend income is always appreciated, investors will want to look more at the long-term growth and earnings of Brookfield. In the most recent quarter, the company posted net income of \$0.23 per share, a drop from the \$0.73 per share posted over the prior quarter.

In my opinion, Brookfield remains a solid investment option for those investors looking to diversify. The company has a considerable history in performing well with distressed assets, and the fact that it has increased the amount of funds available for purchasing assets leads many to believe that a large acquisition may be around the corner.

CATEGORY

1. Investing

TICKERS GLOBAL

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

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