3 Reasons to Add Brookfield Asset Management Inc. to Your Portfolio

Description

When it comes to global asset-management companies, there are few companies in a better position than **Brookfield Asset Management Inc.** (TSX:BAM.A)(NYSE:BAM). Brookfield is a behemoth in terms of size and financial muscle, and this is evident both in terms of the number and size of the acquisitions the company has made.

Here are a few reasons to add the company to your portfolio if you haven't already.

1. Brookfield can seek out the best investments

Brookfield has been in business for over 100 years, and during that time the company has developed a very particular skill for identifying distressed assets. The company's entire business model involves the identifying those assets and acquiring them, typically at steep discounts. Brookfield is, in turn, funded by a number of limited partners, resulting in the company having a war chest of billions on the ready to pick up assets, wherever they may be.

The company is already invested in both Canada and the U.S., as well as Australia, the United Kingdom, and Brazil; the total value of all of the assets is now over $240 billion.

The company has recently been looking into more at opportunities in Brazil, where a combination of high debt, increasing corruption, and weak commodity prices has created a perfect storm that has had an impact on the economy. These events have also raised the awareness of Brookfield and other asset-management companies of potential bargains.

One such bargain is in natural gas pipelines. Brookfield is leading a consortium that aims to acquire 81% of Petrobras Nova Transportadora do Sudeste. The deal is reported to be near $6 billion and comes at a time where the natural gas company is looking to sell any assets possible to pay off debt.

2. Brookfield is both well diversified and well capitalized

To operate in the capacity that Brookfield does, the company needs immense amounts of capital to be able to act on distressed asset. Brookfield has always had a considerable war chest, and earlier this year the amount on hand hit a new high–reportedly $25 billion.

The number of businesses that Brookfield has been investing in varies; the company spent nearly $18 billion in acquisitions in the past year alone. The company has invested in self-storage businesses, office buildings, residential multi-family projects, power-generation facilities, and, earlier this year, Australian port and rail company Asciano Ltd.

Brookfield has most recently looked into boosting the company's exposure to the renewable energy sector, making bids on a string of Latin American power plants in a deal that could be worth in excess of $2 billion.

3. Brookfield continues to perform and reward shareholders

Brookfield currently trades at $44.75, up over 2% year to date. Brookfield pays out a quarterly dividend of $0.17 per share, giving the company a yield of 1.51% at current prices. While there are much better dividend options in the market, Brookfield's dividend is a welcome bonus for investors considering that growth over the long term is the primary driver for owning the stock.

In the most recent quarter Brookfield posted weaker results over the prior quarter, but it still managed to post a net income of $0.23 per share.

In my opinion, Brookfield remains a solid option for any investor looking to diversify and invest for the long term. The company has a considerable history of dealing with distressed assets and–given the recent ramp up in funds and interest in the Brazilian market–could be on the verge of another large acquisition.

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