



4 Top Qualities That Make Brookfield Asset Management Inc. a “Hold Forever” Stock

Description

Some people view the stock market as a casino and use it for quick gains. But behind each ticker symbol is a company, and behind each company are people who work hard to create value and, in turn, generate profit that leads to higher share prices or dividends.

Which company can you rely on and hold forever? I believe **Brookfield Asset Management Inc.** (TSX:BAM.A)([NYSE:BAM](#)) is such a company.

Long-term shareholder value

Brookfield has a track record of creating market-beating shareholder value in different multi-year periods.

Since 1998 Brookfield has delivered annualized returns of 14.1% compared with the S&P 500, which has returned 5.3% in the same period.

Since 2003 Brookfield has delivered annualized returns of 18% compared with the S&P 500, which has returned 7.4% in the same period.

Since 2008 Brookfield has delivered annualized returns of 5.5%, while the S&P 500 has returned 5.4%.

Since 2012 Brookfield has delivered annualized returns of 15.8%, while the S&P 500 has returned 12.2%.

Asset, product, or service quality

Brookfield is a global alternative asset manager with 115 years of experience in investing and operating real assets. It has about US\$250 billion of assets under management, of which nearly 46% is fee-bearing capital.

It has invested in real estate, infrastructure, renewable power, and private equity around the world,

including Canada, the United States, South America, the United Kingdom, Europe, the Middle East, Asia, and Australia.

It is a value investor at heart. At the same time it looks for quality assets to acquire, it also looks for investment opportunities to grow organically.

Ability to generate growing profits

As Brookfield grows its diversified, quality, real asset empire, not only will it be able to grow its management fees, but the assets will also generate stable, growing cash flows.

It's much harder for a company that generates consistent cash flows to run out of money. In the last decade Brookfield's operating cash flows have been positive every year. Particularly, in the last three years it generated more than US\$2.2 billion of operating cash flows every year.

Dividend

Dividends are a good way to return value to shareholders and encourage long-term holding. Brookfield has paid a dividend for at least 18 years. Its 1.5% yield is sustainable with a payout ratio of about 20% based on the cash flows it earns.

Conclusion

Brookfield Asset Management is a strong candidate for being a "hold forever" stock. Over the long term, it's likely to outperform the market. However, investors should expect most returns to come from price appreciation as the company only pays a 1.5% dividend yield. The company would be a better buy if it pulls back 5-8%.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

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

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