

Consider Diversifying Your Portfolio With Brookfield Asset Management Inc.

Description

Picking the right mix of investments for your portfolio can be a challenging task. Ensuring that investments are diversified across a number of different industries and segments can be equally as challenging.

Fortunately, investors of **Brookfield Asset Management Inc.** (TSX:BAM.A)([NYSE:BAM](#)) are already doing this in some regard, as the global asset manager has a highly diversified portfolio of assets that are valued near \$250 billion spread across 30 countries.

As impressive as that may sound, there's plenty more to like about investing in Brookfield.

A diversified business that's set up for success

Just how diversified is Brookfield? Brookfield has assets set up across infrastructure, private equity, renewable power, and real estate holdings around the world. Part of the reason that Brookfield is as diversified and as successful as it has been throughout the years stems from the company's business model.

Brookfield's business model boils down to being able to identify distressed assets, wherever they may be around the world, and then acquiring them for a significant discount. Once acquired, those assets are held until market conditions improve, or until Brookfield turns them around and sells them for a profit. Either way, Brookfield stands to profit.

Those distressed assets are acquired with sometimes fairly steep discounts, and, given Brookfield's financial clout and global reach, the company can and does acquire new assets anywhere in the world. By way of example, Brookfield has been focused of late on Brazil. The South American country is considerably debt-ridden and looking to get cash in any way it can, which translates into selling assets.

Brookfield jumped on the opportunity and purchased a pipeline system of over 2,000 km from **Petrobras** for just \$5.2 billion this past September. That pipeline is key to delivering natural gas to both Sao Paulo and Rio de Janeiro from Brazil's oil and gas fields. Petrobras is in the middle of an ambitious plan to halve its immense amount of debt within the next three years.

The infrastructure arm of Brookfield also acquired the majority share of Indian wireless network operator RCom's tower infrastructure. The towers provide signals for voice, cellular, and data traffic. The deal is slated to be worth an estimated US\$1.7 billion and could spur additional growth and revenue as broadband use grows.

Dividend and growth go hand in hand

While Brookfield provides shareholders with a quarterly dividend, the current \$0.171769 that company pays out is hardly reason enough to invest in Brookfield. That being said, the dividend income, which

works out to a 1.44% yield at current prices, is always a welcome addition to what is otherwise a great investment that is focused on growth. Even better, the current payout ratio of approximately 20% ensures a sustainable source of income for years to come.

In terms of growth, year-to-date, Brookfield is up by 7.6%, and, looking back over the past two years, the company has managed to increase in price by over 70%. This impressive growth is reflected in Brookfield consistently beating the S&P market over the past few years in terms of annualized returns.

In my opinion, Brookfield should be a core investment holding in any portfolio. The company continues to make the right investments at discounted prices across a wide variety of locations and sectors of the economy.

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