



Brookfield Asset Management Inc.: A Core Holding for Any Investor

Description

While I believe that the average investor can make lucrative returns if they build a smart portfolio, sometimes trusting the experts can be a good thing. Therefore, I believe that **Brookfield Asset Management Inc.** (TSX:BAM.A)([NYSE:BAM](#)) is one of those stocks that can make a foundational holding for any investor.

Brookfield has an ability to invest in a slew of assets. If I buy **Fortis**, I get power-generation exposure. If I buy **RioCan**, I get real estate exposure. If I buy **Enbridge**, I get oil-transportation-infrastructure exposure. But by purchasing Brookfield, I get exposure to all of that and so much more.

Brookfield also has exposure to many other sectors. Brookfield acquires a large basket of assets and then spins them off into separate companies, which it then holds a considerable percentage of. You may have heard of them before: **Brookfield Renewable Energy Partners LP**, **Brookfield Infrastructure Partners**, and **Brookfield Property Partners L.P.** Brookfield then invests with these spinoffs, putting the assets in the right firms for maximized operations.

Brookfield is looking at all sorts of assets. In December alone, here are a few headlines that I've read in the news:

"Brookfield lends on Kassirer's \$358M 'Dawnay Day' purchase."

This was a \$300 million loan that Brookfield made to a real estate investor, so he could invest in Harlem, NYC apartments.

"Brookfield set to enter group annuity business: market in 2017 could double to \$5 billion."

This was the launch of an entirely new subsidiary that will do group annuities, which are expected to grow in demand.

"Generator Hostels for Sale in Deal Expected to Bring Up to \$500M."

Brookfield is one of a few remaining bidders to acquire 12 hostels throughout Europe and one

launching in Miami soon.

The company is able to make a wide variety of deals because of its subsidiaries which allow it to take advantage of lucrative opportunities wherever they present themselves.

One area where Brookfield has committed considerable resources is Brazil. Over the past year, it has invested US\$600 million in the country, primarily because Brazil has been going through tough times politically, so assets were far cheaper than they were worth. As time goes by and these assets appreciate in value, I expect Brookfield to make considerable returns on investment. I expect to see more headlines about other companies in Brazil that Brookfield buys because Brazil is just bottoming now.

Here's one of my favourite statistics about Brookfield to remind you why Brookfield is so well respected: had you bought \$10,000 of Brookfield 20 years ago, it'd be worth about \$320,000 today. Even though there have been a few flat years in the short term, as the past two years have been, the company has been able to grow considerably over the long term.

Brookfield is a buy-and-hold stock. It will ebb and flow, but if history tells us anything, it's that Brookfield has a great reputation of buying distressed assets and holding them until they are worth far more than what was paid for them. I believe buying Brookfield is a smart decision.

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