# When it Comes to Brookfield Asset Management Inc., Be Careful What You Read

## Description

Fool contributor Jacob Donnelly laid out the reasons **Brookfield Asset Management Inc.** (TSX:BAM.A)(NYSE:BAM) should be in your portfolio November 17.



Included in Donnelly's assessment of Brookfield was a rehash of the company's third-quarter results:

- 30% growth in net income;
- Assets under management of US$269 billion — an almost 50% increase in less than five years;
- A 27% CAGR in fee-related income to US745 million;
- US$1.2 billion in annual cash dividends from its publicly traded subsidiaries;
- Just 59% of its US$41 billion in carry eligible capital has been deployed providing shareholders with significant future carried interest as it invests the funds.

Donnelly finished by stating, "Third-quarter results are just a reminder that Brookfield Asset Management is the best at what it does, and it should be in your portfolio."

**Amen to that**

I recently anointed Brookfield one of the five best stocks on the TSX; its latest earnings absolutely confirm my opinion that it's a must-own TSX stock.

"Brookfield CEO Bruce Flatt has done a tremendous job growing the alternative asset manager by zigging when the market zags, investing in beaten-down assets in need of a little encouragement," I wrote October 31. "Not every investment Brookfield makes is wart-free, as I discussed in September, but it wins more often than it loses, producing a six-year winning streak on the TSX and delivering an average annual return of 22% over this period."

A classic example of Flatt's ability to do the unexpected is Brookfield's current offer to buy the remaining 66% of **GGP Inc.** (NYSE:GGP), America's second-largest retail mall owner, for US$14.8 billion.

Retail? No, thank you, most investors would say, but not Flatt.

“Mr. Flatt said it would be easier for GGP to weather the changes occurring in the retail sector under Brookfield’s leadership,” wrote the *Wall Street Journal’s* Miriam Gottfried and Esther Fung November 17. “Brookfield also sees value in GGP’s land tracts, which could be developed into offices, residential buildings or used for other purposes.”

One man’s garbage is another man’s gold.

**Getting to the punch line**

Those working in the financial media are tasked with delivering insightful commentary and analysis about publicly traded companies such as Brookfield. We even make predictions that sometimes turn out badly. That’s all in day’s work.

However, those that last in this business ultimately want to help investors make better decisions about their investments.

So, when I see a headline about Brookfield’s latest quarterly report — “Brookfield Asset Management Inc. Earnings Decline 51% In Q3” — that I know doesn’t tell the whole story, something Donnelly alluded to in his article, it makes my blood boil.



Why?

Sure, most seasoned investors wouldn’t bat an eye at such a headline, but they’re up to speed on what’s happening at Brookfield.

The guy or girl who buys Brookfield’s stock on the recommendation of a writer or, even worse, someone they were talking to at a cocktail party, sees that and heads for the exit, probably never to return.

Given Flatt’s track record, that’s leaving money on the table, perhaps providing less for retirement or their children’s education.

Scoff if you will, but I’m sure there’s at least one former Brookfield investor somewhere in the world who saw that headline and sold their stock.

Be careful what you read — it might just cost you in the long run.

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