



Great Opportunities in These Buy-and-Forget Stocks

Description

Despite the pullback of ~11% from its 52-week high, **Brookfield Asset Management Inc.** (TSX:BAM.A)([NYSE:BAM](#)) stock still roughly double what it was five years ago. The dip is an excellent opportunity to get in this quality company. Buy it and watch it grow over time.

I like Brookfield Asset Management for its [diversification](#) and strong fee generation. The management also syncs well with my core strategy of value investing. Moreover, it's committed to generating stable cash flow and aims for long-term returns of 12-15%.

Globally diversified, hard-to-replace assets

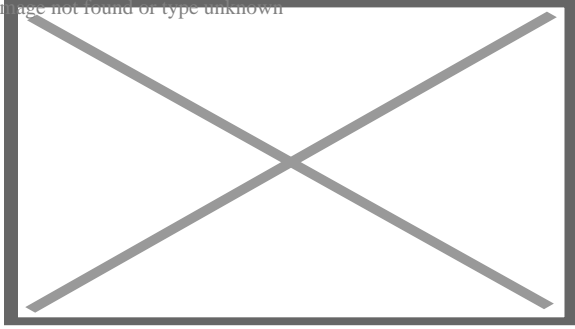
Brookfield Asset Management has a diversified portfolio with US\$285 billion of assets under management across more than 30 countries. The company has over a century of experience owning, managing, and operating real assets.

Its investments are primarily in the areas of real estate, renewable power, infrastructure, and private equity. Investors can also choose to invest in the individual categories. For example, you can invest in its real estate arm via **Brookfield Property Partners LP** ([TSX:BPY.UN](#))(NASDAQ:BPY), which is one of Brookfield Asset Management's listed partnerships.

At the end of 2017, Brookfield Asset Management had 49% invested in Brookfield Property, 12% invested in its renewable energy arm, and 6% each invested in its infrastructure and private equity arms.

Brookfield Asset Management has a competitive edge because it can deploy capital globally in places that have scarce capital and get good prices for its investments.

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Fee-bearing capital

Other than being much more diversified than its listed partnerships, Brookfield Asset Management has another quality. As the general manager, it earns fees from managing the assets.

At the end of 2017, Brookfield Asset Management had \$126 billion of fee-bearing capital. Its annualized fee revenues were nearly \$1.5 billion in 2017. This revenue grew at an impressive compound annual growth rate of ~21% from 2014 to 2017. You can imagine that the more assets it manages, the more fees it'll get.

About Brookfield Property

Brookfield Property's portfolio consists of primarily office and retail properties. Most stocks related to brick-and-mortar retail have done poorly in the last year or so, and interest rate hikes aren't going to help Brookfield Property.

However, I like that Brookfield Property also invests in opportunistic investments for higher returns. They include multifamily, industrial, hospitality, triple net lease, self-storage, student housing, and manufactured-housing assets.

Overall, like its general manager, Brookfield Property also targets long-term returns of 12-15%. However, income investors would love Brookfield Property's yield, which sits at 6.4% currently and its goal to grow its distribution per unit by 5-8% per year.

Investor takeaway

The dips in Brookfield Asset Management and Brookfield Property have created [attractive entry points](#) for long-term investors. If you're looking for diversity and growth, go with Brookfield Asset Management. If you have a focus on current income, consider Brookfield Property.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:BN (Brookfield Corporation)
2. TSX:BN (Brookfield)
3. TSX:BPY.UN (Brookfield Property Partners)

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