



This Is the Asset Manager Your Portfolio Needs

Description

The importance of diversifying your portfolio cannot be understated. Selecting a variety of investments from different segments of the economy is not only a recommended practice but can also lead to significant gains and growth prospects.

But what if you could gain a diversified mix of investments from purchasing just one stock? Would you be inclined to buy?

Let's take a closer look at **Brookfield Asset Management Inc.** (TSX:BAM.A)([NYSE:BAM](#)) and try to answer that question.

Brookfield is, as the name implies, an asset management company. What differentiates Brookfield from other asset managers, however, comes down to three unique factors — the size of Brookfield's portfolio, the organization of the company and its subsidiaries, and the incredible ability of the company to identify distressed assets.

Identifying distressed assets is a skill

One of the many benefits of investing in an asset manager is the sheer diversity of assets the company has under management. Brookfield has a mind-numbing number of assets spread across five continents and in over 30 countries, including large sections of downtown New York, Sydney, and Toronto. Additionally, Brookfield is also the largest landlord of office space in London and owns renowned properties such as Atlantis Bahamas and Canary Wharf in London.

How Brookfield can build and maintain a portfolio like this comes down to having incredible foresight in identifying distressed assets and maintaining a massive war chest for deals when the opportunity arises.

By way of example, just this week Brookfield announced the purchase of one of the largest commercial real estate properties in India — the purchase of Equinox Business Park, a massive 10-acre property, for US\$360 million.

While the opportunities for investment abound, one of the key areas that Brookfield is expanding rapidly into is in infrastructure. The company already has a growing number of hydroelectric facilities across North and South America, owns one-fifth of the wind farms in Ireland, and owns most of the cell towers in France.

The opportunity isn't limited to the developed world either; many of the developing nations of the world are experiencing an infrastructure boom that requires a massive investment of both capital and electricity. From a power-generation standpoint, many of those nations are turning to a [renewed interest in nuclear power](#) to bolster their grids.

In short, investors in Brookfield gain access to incredible opportunities and properties that the everyday investor would not normally have access to.

As impressive as that sounds, that is not even the most compelling reason to invest in Brookfield.

Brookfield's unique organization

Brookfield's unique company structure is also worthy of mention. Brookfield's business consists of multiple segments, and as segments of the company begin to grow, Brookfield spins off the segments as child companies, where it, the parent, still maintains a controlling interest.

The advantages of doing this are nothing short of brilliant. Each child company maintains a self-sustaining portfolio of investments that provide growth and generate cash flow, while the parent remains at a suitable distance, which still permits the ability to provide an injection of capital when needed.

The arrangement and controlling interest of the parent also ensures that the success of one segment is the success of all segments.

The growing list of Brookfield companies now includes **Brookfield Business Partners LP**, **Brookfield Infrastructure Partners LP**, **Brookfield Property Partners LP**, and **Brookfield Renewable Partners LP**.

Is Brookfield a good investment?

The current stock price isn't indicative of Brookfield's incredible potential. Over the course of fiscal 2017, Brookfield managed to deliver net earnings of US\$4,551 million, or US\$1.34 per share, yet the stock trading down over 10% year to date.

Another factor is Brookfield's dividend. While the 1.55% yield may not be reason enough for investors to consider the stock, the growth potential over time as well as Brookfield's annual or better increases of that payout provide a compelling reason for investors.

In my opinion, Brookfield represents an incredible opportunity for investors to diversify their portfolios with one of the best [growth investments](#) on the market.

CATEGORY

1. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

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

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Investing

Tags

1. Editor's Choice

Date

2025/09/30

Date Created

2018/04/25

Author

dafxentiou

default watermark

default watermark