



## 1 Top Stock to Boost Growth and Diversification

### Description

In the current volatile environment, where geopolitical tensions and economic faults are causing commodity prices, notably oil and financial markets, to gyrate wildly, it is important to manage [investment risk](#). One of the easiest ways of doing this is by diversifying your portfolio across asset classes, industries, and jurisdictions. A stock that allows investors to do achieve this by investing in a single company is **Brookfield Asset Management Inc.** (TSX:BAM.A)([NYSE:BAM](#)).

### Now what?

Brookfield owns and operates a globally diversified portfolio of assets encompassing real estate, private equity, renewable power, infrastructure, and asset management. Those assets are located in variety of developed as well as [emerging markets](#) in North and South America, Australia, Western Europe, China, and India. For those reasons, Brookfield provides investors with a ready-made opportunity to significantly diversify their portfolios, which is particularly important for Canadian investors given that the TSX is heavily weighted to financial and energy stocks.

Brookfield ended 2017 with US\$285 billion of assets under management and fee-bearing capital totaling US\$126 billion. Since 2014, Brookfield's funds from operations have grown at a steady clip, rising by 60% over that period to US\$2.8 billion for 2017. Most of those funds were generated from Brookfield's real estate assets.

Nevertheless, Brookfield's bottom line for 2017 decreased by almost 14% year over year to see it report net income of US\$1.34 per share. That can be attributed to a sharp increase in expenses as well as depreciation and amortization charges because of higher-than-expected costs associated with newly acquired businesses. As those businesses are bedded down and efficiencies are realized, those costs will fall, leading to higher margins, which, in combination with growing earnings, should give Brookfield's 2018 net income a healthy boost.

Among Brookfield's strengths has been its ability to recycle capital to generate solid returns for investors, while possessing a solid culture of managing risk, therefore reducing the downside associated with any single investment. Earlier this year, Brookfield reloaded its coffers, offering

US\$650 million of 10-year notes, leaving it ready to make further investments over the course of 2018.

The asset manager has entered deals aimed at expanding its business. Brookfield has secured a strategic partnership with European alternative credit investment manager LCM Partners. As part of that deal, it will acquire a 25% strategic interest in Link Financial Group, which is a European alternative investment manager focused on acquiring distressed credit portfolios. This is a high-margin business, which, with the right management, can be highly profitable for the companies involved.

Brookfield has also created a 50/50 joint venture with GLP, a global logistics provider, to install 300 megawatts of rooftop solar projects across commercial rooftops in China. The growth potential of that venture is tremendous because of Beijing's desire to reduce pollution in its cities by significantly increasing the amount of electricity generated by renewable sources.

### **So what?**

Brookfield offers investors the opportunity to diversify their portfolios to reduce investment risk while bolstering growth. While they wait for the company's stock to appreciate, they will be rewarded by its regular sustainable distribution, which yields a handy 1%.

### **CATEGORY**

1. Dividend Stocks
2. Investing

### **TICKERS GLOBAL**

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

### **PARTNER-FEEDS**

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

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### **Date**

2025/07/31

### **Date Created**

2018/05/02

### **Author**

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