



## Is Brookfield Asset Management Inc. (TSX:BAM.A) a Great Investment?

### Description

There are few stocks on the market that can provide the exposure, opportunity, and growth that **Brookfield Asset Management Inc.** (TSX:BAM.A)([NYSE:BAM](#)) can provide.

Brookfield is, as the name implies, an asset manager. The company has a massive portfolio of holdings that includes assets in 30 countries on five continents that cater to different areas of investment, including real estate, infrastructure, energy, transportation, and more.

That portfolio has grown over the course of the years to encompass large swaths of downtown New York, Toronto, and Sydney, and Brookfield is the largest office space landlord in London. Additionally, the company owns renowned real estate icons such as Canary Wharf in London and the Atlantis Bahamas.

For an asset manager to be successful, it needs two things: an ability to identify distressed assets and the financial muscle to act on those opportunities when they are presented. Brookfield checks off both of these key requirements nicely.

### Identifying distressed assets and opportunities

The iconic building at 666 Fifth Ave in Manhattan is one such distressed property that Brookfield has been looking at recently. The 41-storey tower is owned by the company that was run by President Trump's son-in-law.

Assuming that a deal can be reached, Brookfield would perform a redevelopment of the property — something that is not an uncommon task for Brookfield. Just over a dozen blocks away, the Hudson Yards project on the west side of Manhattan sports a massive Brookfield banner. With an expected completion next year, the plus four million square feet of real estate and housing will provide ample opportunities for growth.

Brookfield announced results for the first fiscal quarter of 2018 last month that were, in a word, impressive. Brookfield reported net income of US\$1.9 billion, or US\$0.84 per share, in the quarter, surpassing the US\$518 million reported in the same quarter last year.

Funds from operations amounted to US\$1,17 billion, significantly higher than the US\$674 million reported in the same period last year.

Brookfield can appeal to [income-seeking investors](#) as well. The quarterly dividend provides investors with a 1.54% yield; while not the most impressive of yields in the market, it provides a respectable return from a lucrative business.

### **Final thoughts: Should you invest in Brookfield?**

Every investment has its risks, and that includes Brookfield. Specifically, there are two areas of concern that investors should take into consideration.

First is the impact of further hikes to interest rates. The Bank of Canada hasn't been coy on the matter of raising interest rates further, going as far as hinting that an increase could come next month. If that happens, the cost of borrowing goes up, making these lucrative deals more expensive for Brookfield.

The second point has to do with real estate. There's no other area of the economy that has surged as much as real estate in the past few years, and an increasing number of critics are now expecting some form of correction in the real estate market to transpire over the next year.

That being said, Brookfield has consistently [outperformed the market](#) and has established a portfolio of great investments that are well diversified and should continue to provide some growth for the next few years, which is reason enough for the company to form the core of any portfolio.

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