

Why Brookfield Asset Management Inc. (TSX:BAM.A) Should Be a Core Holding

Description

Brookfield Asset Management (TSX:BAM.A)([NYSE:BAM](#)) is renowned for its ability to identify distressed assets around the world, acquire them, and then turn them around for a quick sale. Alternatively, Brookfield has also chosen to continue operating some of its acquisitions for a longer period until such time that a suitable return can be realized.

Either way, Brookfield has both the incredible knack for identifying those distressed assets and an incredibly large war chest to finance those acquisitions, wherever they may be.

Brookfield's impressive portfolio of assets already includes well-known properties such as Atlantis Bahamas, Canary Wharf in London as well as large sections of downtown Toronto, New York, and Sydney.

Brookfield announced another acquisition this week to add to that already burgeoning portfolio.

Latest acquisitions show promise

Earlier this summer, Brookfield announced a series of deals, including the US\$11.3 billion deal for real estate developer Forest City Realty Trust Inc., which has a portfolio of over 10 million square feet consisting of both office and apartment space.

That deal was shortly followed by the 99-year lease of New York's iconic 666 Fifth Avenue from Jared Kushner's family company. The building carried a mammoth amount of debt that was pegged near US\$1.2 billion, and Brookfield has targeted nearly US\$700 million as the cost of redeveloping the building.

Coincidentally, that development is just a few blocks away from another massive Brookfield project in New York known as Hudson Yards that is steadily rising and changing the Manhattan skyline.

The latest acquisition from Brookfield comes in the form of India's East-West Pipeline. The loss-making venture will be offloaded to Brookfield for a reported US\$2 billion and add to Brookfield's growing portfolio of assets valued in excess of \$200 billion.

Should you buy Brookfield?

To say that acquiring distressed assets and selling them off has been profitable for Brookfield would be an understatement. Last month Brookfield announced results for the second fiscal of 2018 that continued to showcase why the company is such a great investment.

Net income came in at US\$1,664 million, or US\$0.62 per share, handily beating the US\$958 million, or US\$0.19 per share reported in the same quarter last year. Fee-bearing capital is a key measure of Brookfield's profitability, and in the most recent quarter, the company saw a 10% increase over the same period last year, coming in at US\$129 million.

Further to this, Brookfield also noted that strong growth of fee-bearing capital is expected to continue through 2022 at a rate of 14%, making the company an [excellent long-term investment](#) option.

To put it another way, Brookfield has strong results, is generating cash flow, and is [diversified](#) across the globe in different countries, industries, and segments of the economy.

Finally, while not the most impressive of income-producing investments for dividend-seekers, Brookfield also offers a respectable, but not exactly impressive 1.42% yield that will help your investment grow further.

Brookfield currently trades at just over \$56 with a P/E of 21.20.

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