



Be Cautious With Market Dips But Do Not Fear

Description

The recent market dips have caused some investors to feel uneasy. The U.S. market (using **SPDR S&P 500 ETF Trust** as a proxy) has declined about 6.8% from a recent high, while the Canadian market (using **iShares S&P TSX 60 Index ETF** as a proxy) has fallen about 7.5% from a recent high.

Investors may feel unsettled from looking at the one-year price charts of the markets. However, if you look at the price charts over longer periods, such as five years or longer, you'll notice that the market dips will look like little bumps most of the time.



There's no need to fear market dips. It's normal and healthy for the markets to correct from time to time.

In fact, the greater the dips, the more excited investors should be, because the more quality stocks investors can buy at a cheaper valuation.

Market dips are a great reminder that it's super helpful to know and be comfortable with the businesses that you own, instead of looking for quick profits in the stock markets.

One business that I'm very comfortable owning and adding to on market dips is **Brookfield Asset Management** (TSX:BAM.A)([NYSE:BAM](#)). Here's what to like about the company.

Globally diversified across multiple sectors

Brookfield Asset Management is a leading alternative asset manager, which invests in, owns, and operates long-life, high-quality assets spanning +30 countries around the world. Its diversified portfolio includes one of the largest global real estate portfolios, a top-notch infrastructure business, one of the largest pure-play renewable power businesses, and a fast-growing private equity business.

Humongous fee-bearing capital that's increasing

In Q2, Brookfield Asset Management reported having US\$129 of fee-bearing capital, which it generates US\$2.6 billion of annualized fees and target carried interest from. This fee-bearing capital is going to continue to grow larger, which means the company will earn more recurring fees over time.

The listed partnerships, which Brookfield Asset Management owns, operates, and manages, have a track record of growing distributions in which the general partner and manager participates.

Investor takeaway

Don't be scared of market dips. Always have cash ready to buy [quality companies](#), such as Brookfield Asset Management, on dips.

At the recent quotation of about \$54.50 per share, the stock has about 24% upside potential over the next 12 months based on the consensus target of **Thomson Reuters**. This indicates that the stock is discounted.

Brookfield Asset Management also offers a [safe dividend](#) that currently yields roughly 1.4%, which helps contribute to total returns. It has the ability to grow its dividend at a rate that at least doubles inflation. Its four-year dividend-growth rate is 8.9%.

CATEGORY

1. Dividend Stocks
2. Investing

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2. TSX:BN (Brookfield)

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