



This 1 Company Offers All the Diversification an Investor Needs!

Description

Few companies exist out there for investors to buy and truly hold an adequate basket of securities that is diversified well enough to protect said investor from calamity when stuff hits the fan.

In Canada, one company that comes close to meeting such an ideal happens to be one of the largest and most well-diversified options out there: **Brookfield Asset Management** (TSX:BAM.A)([NYSE:BAM](#)).

Brookfield is a conglomerate in every sense of the word. The firm is based in Canada and holds a significant percentage of Canada-based assets, but it's also well diversified geographically, making this a top pick of mine for investors concerned about having too much of a "home bias" in their portfolios. I particularly pay attention to key markets for the company including the U.S., U.K., India, and Brazil as key growth regions for Brookfield long term.

The ability of Brookfield to generate higher rates of return and cash flow from emerging markets and reinvest in high-quality North American and European assets provides the right mix of quality and risk, which appeals to long-term equity holders.

Additionally, the makeup of much of Brookfield's portfolio is in alternative assets such as real estate, assets that are low beta and provide investors without alternative assets a well-diversified option which provides excellent long-term upside at a reasonable valuation currently. The company's forward dividend yield of around 1.5% is relatively small; however, the company has steadily increased its distributions over time and is likely to continue to do so in perpetuity, making this company a great long-term income play for those who have a long enough time horizon.

Brookfield has built an incredible high-quality global asset base which continues to grow due to two key factors that allow this company to earn above-average returns. First, the company is able to borrow money with ease and at favourable rates due to its size, scale, and low-risk nature. Second, the company's track record and asset portfolio make Brookfield one of the first companies that is sought in times of divestiture by other firms, meaning Brookfield stands to gain from forced (merger-related) or discretionary (balance sheet-related) asset divestitures by other companies.

Bottom line

I believe that over the long term, demand for alternative assets such as those held by Brookfield will continue to grow. Brookfield remains one of the best acquirers of high-quality assets, a trend I expect to continue over the long term as market conditions change.

Stay Foolish, my friends.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

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

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