Forget Cannabis Stocks: Brookfield Asset Management (TSX:BAM.A) Is a Better Long-Term Bet

Description

The marijuana sector is rightly considered one of the best options for growth investors. However, much can go wrong (and likely will go wrong) with various pot companies. It may not be a bad idea to consider investing in market-beating companies with a proven ability to grow revenues and earnings.

Case in point, **Brookfield Asset Management** (TSX:BAM.A) (NYSE:BAM) has been a growth machine for the better part of 10 years. Since 2009, the Toronto-based firm has produced a compound annual growth rate of than 17%.

Despite its share value constantly defying gravity for the past decade, Brookfield still looks like an attractive buy. Let's see what makes Brookfield an interesting prospect for investors.

A diversified business model

Brookfield is a bit of an under the radar company. However, the number of assets it owns and the number of sectors it has a hand into is astounding. Brookfield owns and operates toll roads, oil and natural gas pipelines, important real estate assets in some of the largest cities in the world, etc.

In short, Brookfield's core operations are tied to very important aspects of our daily lives and the economy. Brookfield's business model is simple yet ruthlessly effective. The firm has made it a habit to create limited-partnerships.

These partnerships are focused on specific sectors, and Brookfield pulls the string in the shadows, lending its expertise and know-how to steer the partnership in the right direction.

Brookfield collects fees as a result of these services, and as the number of partnerships under its name grows, so too will the fees it collects.

Let's briefly consider two companies under the Brookfield umbrella: **Brookfield Business Partners** and **Brookfield Infrastructure Partners**. The first of these focuses on acquiring promising businesses in industries with strong barriers to entry.

Brookfield then coaches these businesses (so to speak) and helps them improve their efficiency and profitability, which benefits all parties involved.

Brookfield Infrastructure Partners is one of the largest real infrastructure businesses in the world. The firm owns and operates infrastructure assets in the utilities, energy, and transportation sectors.

With such a diversified pool of income under its name, Brookfield is unlikely to be significantly impacted by market downturns in the long run.

There will always be bad times, of course, but Brookfield seems better-equipped than many of its peers to come out of a recession in decent shape. Further, as the number of assets it owns grows, so does Brookfield's earnings potential. Over the past 10 years, Brookfield has more than tripled the assets under its name.

What does the future hold?

If recent history is any guide, Brookfield is likely to continue acquiring assets. After all, that is how the firm has been able to fuel its success. A recession likely won't hold Brookfield back; the Toronto-based firm is known for making investments precisely when most other people won't, thus being able to acquire assets at a cheaper price than the market would otherwise command.

Brookfield has a strong and proven business model that will likely keep on delivering strong growth and capital appreciation in the foreseeable future. While Brookfield doesn't offer a juicy dividend payout, investors can likely trust they will benefit from this investment in other ways in the future.

Cannabis companies could make you rich, but many of them will likely be losers. Brookfield, though, is a proven winner.

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