2 Companies to Consistently Earn You 15% or More on Your Investment

Description

As investors we can only buy shares in what's available on the stock market, which severely reduces the number of opportunities for regular retail investors. However, we can still gain exposure to large projects and better deal flow by investing in large investment companies.

Financial and asset managers that provide quality returns are always a nice addition to the portfolio, because the returns usually far outpace the management fees, and if the asset managers have a different investment style to you, it will help to naturally diversify your portfolio.

Two fantastic companies investors should consider buying shares of are **Brookfield Asset Management** (TSX:BAM.A)(NYSE:BAM) and **Fairfax Financial Holdings** (TSX:FFH).

Brookfield

Brookfield is one of the best asset managers out there. It not only has a history of making great investments, but it has the size and expertise to take over operations of its investments. This allows Brookfield to have a plan when it decides to invest its capital, putting it in a much stronger position than being a silent investor.

The strategy has paid off for Brookfield, and investors have been rewarded. Looking back, the stock has three-, five-, and 10-year returns above 15%. On an annualized basis, the company has grown the dividend almost 90% since 2014 from $0.40 to $0.85 today.

It's grown its equity from $53 billion in 2014 to over $97 billion in 2018, giving it a five-year return on equity above 10%. EBITDA margins have also been strong, consistently above 25%, and the company has been growing its EBITDA at a compounded annual growth rate (CAGR) of nearly 10% since 2014.

Another benefit that has to do with its size is the diversity of its subsidiaries. This makes Brookfield more of a capital allocator, allowing it to invest in one field when that industry or sector may currentlybe depressed. This just adds to the already exclusive deal flow and top-notch opportunities thecompany has.

Fairfax

Fairfax is run by one of the most famous investors in Canada, Prem Watsa. What is unique about Prem Watsa is that he's considered by many to be the "Canadian Warren Buffett." He started his company acquiring insurance companies directly modeled after Buffett's company.

Another thing about Watsa most investors will be familiar with is his significant outperformance of the market back in the financial crisis. Watsa knew that there were global macroeconomic issues and took the steps to protect shareholders in a downturn. This ended up netting Fairfax a healthy profit, while many other companies were fighting for survival.

Watsa's record isn't perfect, but he has a lot of experience and is still one of the best money managers out there, so investors can count on him to manage their investment, especially for the long term.

This is great for investors, as you can count on Fairfax to protect your money during poor economic times, through shrewd investing from the top. Long-term investors will also be rewarded down the road when the investments Fairfax is making today pay off.

From 1985 till the end of 2018, Fairfax's book value per share has grown at a CAGR of 18.7%, and the share price at a CAGR of 17.1% These numbers are incredible, and only Warren Buffett has consistent numbers like this for such a long period of time.

Bottom line

Both companies offer investors an impressive track record of investment performance. The diversification in assets and management styles coupled with the incredible past performance of both companies make them top investment candidates.

CATEGORY

1. Dividend Stocks
2. Investing
3. Top TSX Stocks

TICKERS GLOBAL

1. NYSE:BN (Brookfield Corporation)
2. TSX:BN (Brookfield)
3. TSX:FFH (Fairfax Financial Holdings Limited)

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Author
danieldacosta