



This Is 1 of My Favourite Growth Stocks

Description

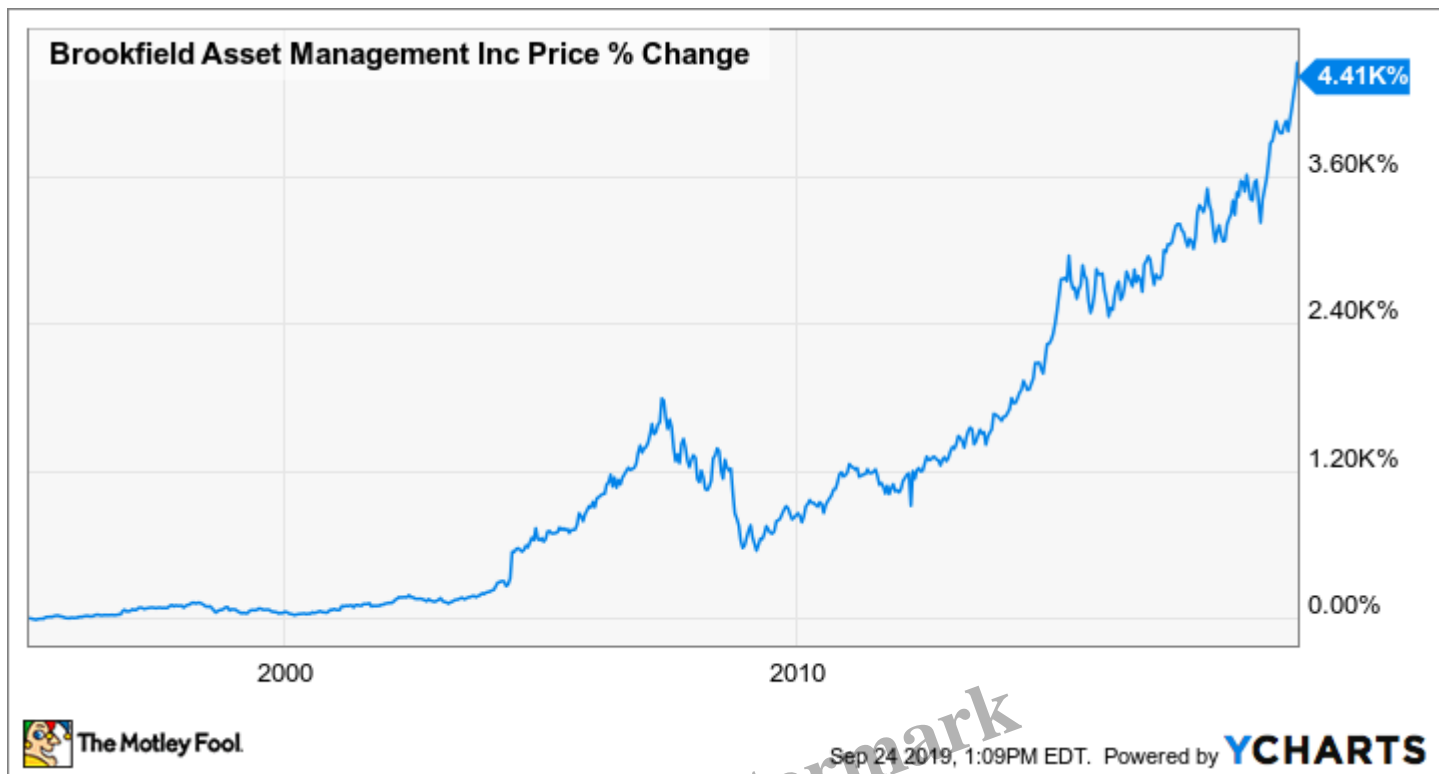
Are you ready to ride on the secular growth trend in real assets through **Brookfield Asset Management** (TSX:BAM.A)([NYSE:BAM](#))?

BAM has many growth opportunities through its multiple investment arms in the areas of real estate, renewable power, infrastructure, and private equity. Most of its assets are cash cows, which limit the downside risk of the underlying investments. Additionally, BAM has a global investment perspective, having assets spanning more than 30 countries.

An awesome growth stock

Brookfield Asset Management is an [awesome growth stock](#) with most of its returns coming from price appreciation versus its small dividend, which is good for a current yield of 1.2%.

The graph below displays the long-term price appreciation of an investment in BAM stock. Specifically, since 2001, it has delivered total returns of more than 17% per year!



BAM.A data by YCharts.

That said, you'll notice that the stock can be subject to the gyrations of the markets. For example, from the 2007 peak (before the last financial crisis) to the trough in 2009 during the last recession, the stock lost more than 60% of its value! However, from the trough, it made a strong comeback and delivered total returns of 20% per year.

So, if the stock were to experience huge drawdowns again, investors should not panic but should back up the truck. After that, it's all about having faith and being patient with the best-in-class business.

The strong demand for what BAM offers has driven double-digit rate growth of 22% per year in its institutional client base since 2015. Management last estimated continued strong growth of roughly 12% per year to about 1,000 clients through 2023. This will translate to more capital to work with, more management fees to collect, and more cash distributions from its growing operating businesses.

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The Oaktree acquisition

Brookfield Asset Management is expected to acquire 62% of **Oaktree** by the end of this month. As translated from a Chinese proverb, BAM's acquisition of Oaktree is like adding wings to a tiger. BAM was already a tiger before the acquisition. After the acquisition, it will become even more formidable, as Oaktree broadens BAM's product offerings through its premier credit platform.

Oaktree is a perfect addition to BAM, because its existing businesses have limited overlap, while both are value investors with a focus on downside protection of capital. On closing, Oaktree will continue to be run by its existing management and investment teams.

The combined company has US\$475 billion of assets under management, translating to US\$2.5 billion of annual fee-related revenues, making it one of the leading alternative asset managers.

Conclusion

Brookfield Asset Management stock is about fairly valued currently. Investors can consider buying some shares here and [load up on meaningful corrections for long-term growth](#).

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