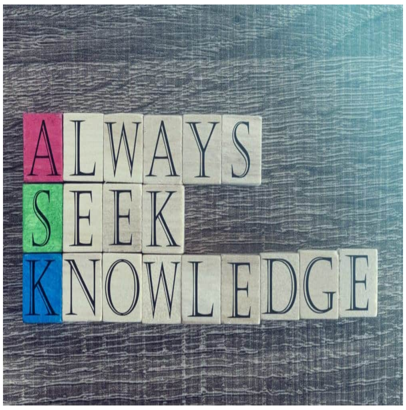

Dividend Investors: Don't Overlook This Potentially Explosive New Market

Description

Market disruption is usually a cause for concern for investors. However, for asset management firms, it can mean key opportunities in foreign markets. Today, we're going to take a look at a new development in the asset management class and one top stock to buy for long-term, buy-and-hold, passive income.

default watermark

This Asian market is about to open up

China is overhauling its pension system as well as its capital markets and investment management landscape in order to help stave off a shortfall in retirement savings. What this mean to the rest of the world is that asset management firms outside the country will have a chance to increase their involvement in the Asian asset management space, with around US$30.2 trillion up for grabs.

The new opportunity was pinpointed by Deloitte, whose research highlighted China's plans to remove restrictions for foreign investors in fund management firms next year. The ongoing liberalization of China's capital markets means that investors in Canada and the rest of the world will be able to dip into a multi-trillion-dollar treasure chest of Asian business assets.

Deloitte pointed out a number of other key factors that make the news even more palatable: China's public investments could double in value by 2023 if the country's economic growth doesn't stall. An ageing population could drive a shift in retirement funding in the country, as the pension system changes shape. Foreign investment management firms could therefore come in, pick up the slack, and cash in.

A top TSX stock for asset management investors

For Canadians looking for a top-tier asset management stock, they can't go wrong with **Brookfield Asset Management** (TSX:BAM.A)(NYSE:BAM). Brookfield is exactly the kind of asset management company that could clean up from a shift in retirement funding landscape in China, and stockholders would be well positioned to enjoy the benefits of the influx of foreign funds.

Market disruption in countries otherwise benefitting from financial tailwinds is often a good driver of opportunity, with India, Brazil, and even the United States during the financial crisis representing sources of new revenue. With assets from China opening up to management outfits like Brookfield, investors could be looking at a steeply improving business with a reassuringly shored-up dividend.

After reporting on a strong third quarter this week, Brookfield secured an A- long-term issuer default rating from Fitch with a solid outlook. Brookfield pays a small dividend, currently yielding 1.11%, though its steady growth makes it a key stock for longer-term capital gains.

Brookfield's assets are packed into four distinct classes: real estate, infrastructure, renewable power, and private equity. Those assets are focused in the United States, Canada, Brazil, and Australia. Its assets are concentrated in real estate, though the majority of its revenue is sourced through private equity.

The bottom line

default watermark

In term of investment safety, Brookfield is as diversified as they come. Its flexible funding model and asset management expertise make it a buy in itself. Its small dividend and potential for steep long-term capital appreciation make this a safe, dependable stock for low-risk investors with broad financial horizons.

CATEGORY

1. Dividend Stocks
2. Investing
3. Stocks for Beginners

TICKERS GLOBAL

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

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Dividend Stocks

2. Investing
3. Stocks for Beginners

Date
2025/07/28
Date Created
2019/11/16
Author
vhetherington

default watermark

default watermark