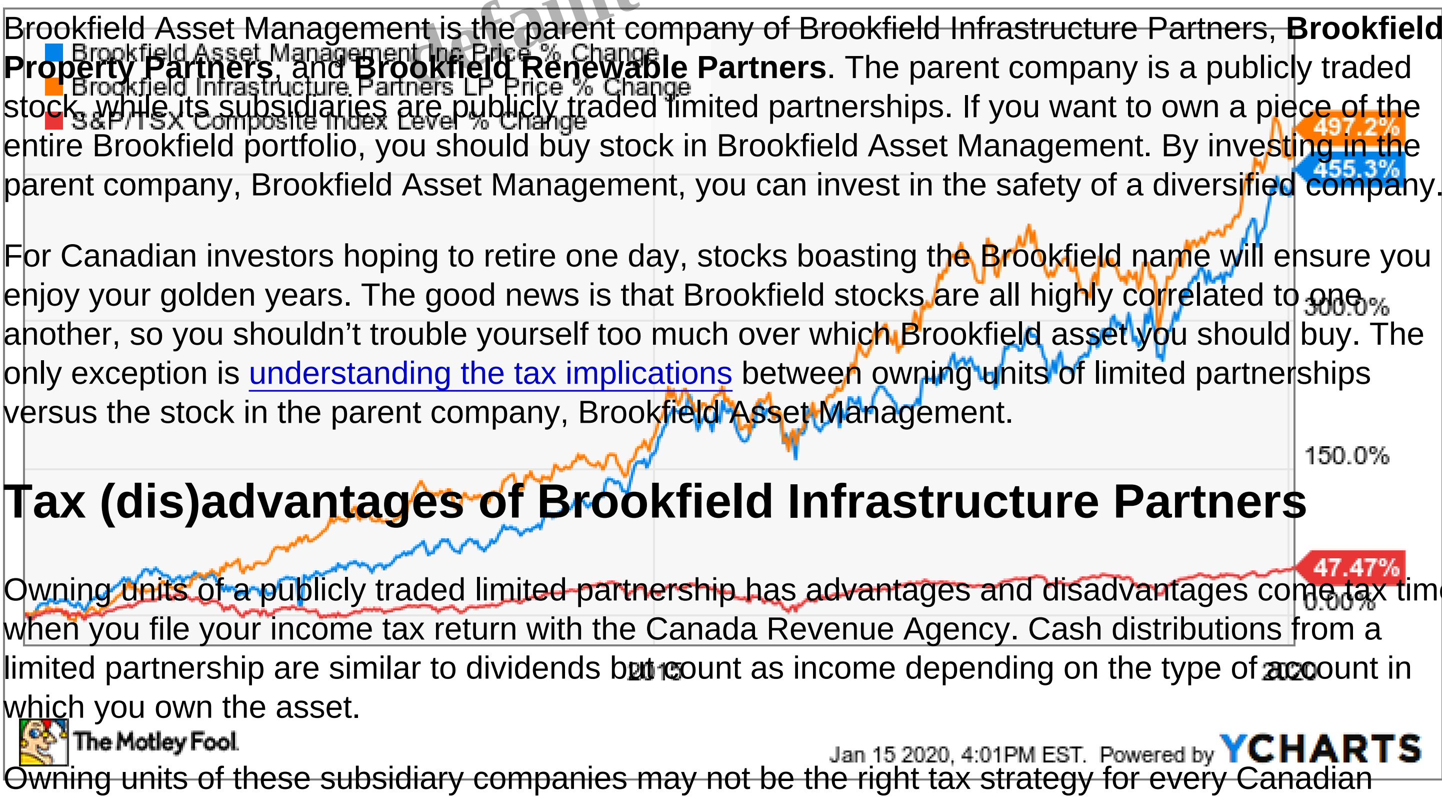
2 Better Stocks to Buy on the Toronto Stock Exchange

Description

When it comes to investing in Brookfield stocks, you can't go wrong with any of them. Stocks like **Brookfield Asset Management** (TSX:BAM.A)(NYSE:BAM) and **Brookfield Infrastructure Partners LP** (TSX:BIP.UN)(NYSE:BIP) lead the gains on the Toronto Stock Exchange. In the past 10 years, the price of Brookfield stocks have appreciated by up to 500%. By comparison, the **S&P/TSX Composite Index** has only increased by 47.47% in the same period.



Brookfield Asset Management is the parent company of Brookfield Infrastructure Partners, **Brookfield Property Partners**, and **Brookfield Renewable Partners**. The parent company is a publicly traded stock, while its subsidiaries are publicly traded limited partnerships. If you want to own a piece of the entire Brookfield portfolio, you should buy stock in Brookfield Asset Management. By investing in the parent company, Brookfield Asset Management, you can invest in the safety of a diversified company.

For Canadian investors hoping to retire one day, stocks boasting the Brookfield name will ensure you enjoy your golden years. The good news is that Brookfield stocks are all highly correlated to one another, so you shouldn't trouble yourself too much over which Brookfield asset you should buy. The only exception is understanding the tax implications between owning units of limited partnerships versus the stock in the parent company, Brookfield Asset Management.

Tax (dis)advantages of Brookfield Infrastructure Partners

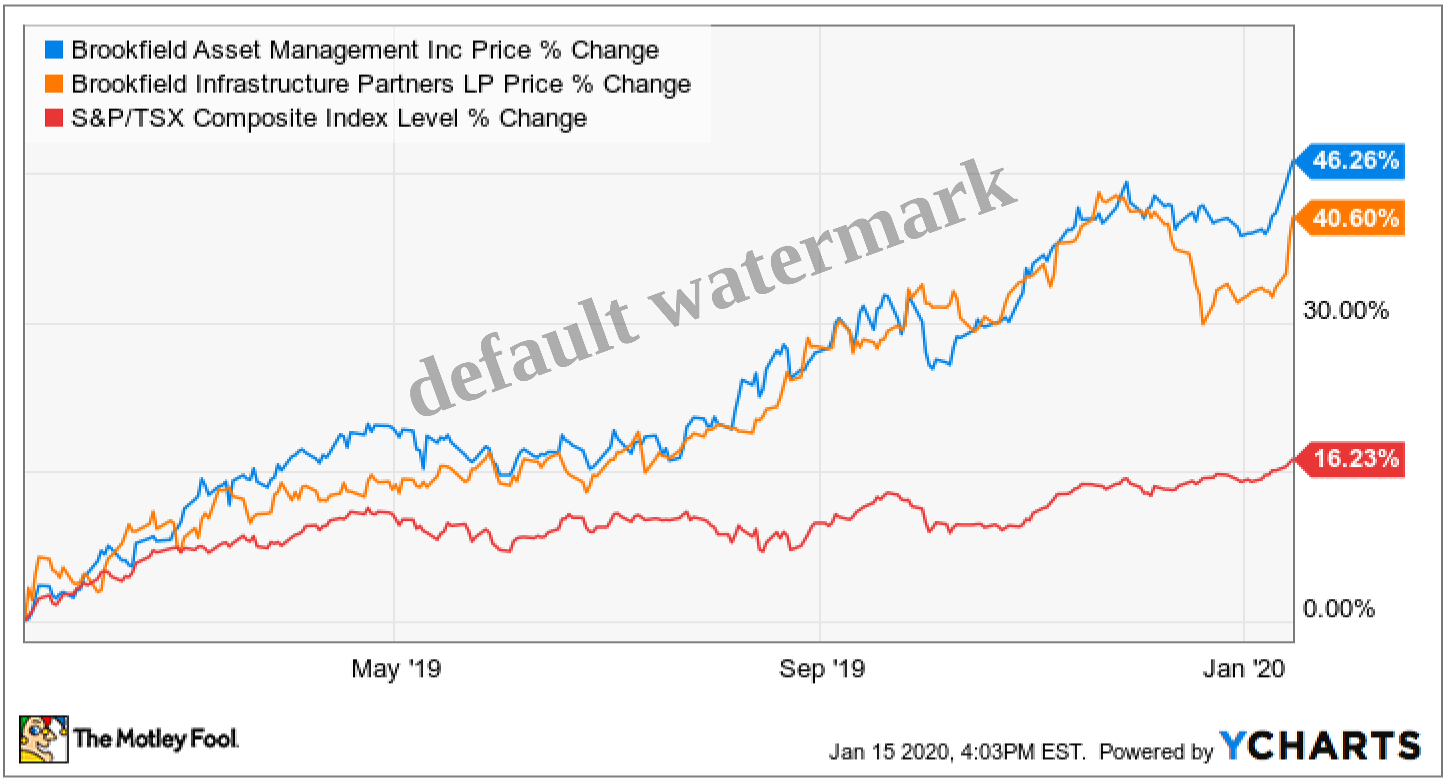
Owning units of a publicly traded limited partnership has advantages and disadvantages come tax time when you file your income tax return with the Canada Revenue Agency. Cash distributions from a limited partnership are similar to dividends but count as income depending on the type of account in which you own the asset.

Owning units of these subsidiary companies may not be the right tax strategy for every Canadian investor. Buying units of publicly traded limited partnership in Canada require the filing of a special tax document, the Schedule K-1. Moreover, even the tax benefits of a Tax-Free Savings Account (TFSA) may not shield you from paying income taxes on the cash distributions from the subsidiaries.

Tax professionals sometimes recommend that you own limited partnership assets in Registered Retirement Savings Accounts (RRSPs), as you may be able to defer paying taxes on this partnership income until you withdraw the funds during retirement. You should discuss this with your accountant to see if this applies to your specific tax situation.

TFSAs prefer Brookfield Asset Management

In the past year, the percentage change in the price of Brookfield Asset Management *slightly* outpaced that of Brookfield Infrastructure Partners. The other key difference is that Brookfield Infrastructure Partners comes with a 2.73% annual yield on cash distributions. Meanwhile, Brookfield Asset Management issues dividends at an annual yield of 1.07%, only 1.66% less than Brookfield Infrastructure Partners.



Depending on your particular tax situation, you could yield higher returns owning Brookfield Asset Management in a TFSA than Brookfield Infrastructure Partners in an RRSP. Because the prices of these assets are highly correlated, you can simplify the decision by assuming that the only difference in returns is the 1.66% less annual dividend yield of BAM and the tax treatment of the two assets.

Thus, if you are looking to purchase stock in the Brookfield name specifically for your TFSA, it is probably best to go with Brookfield Asset Management.

CATEGORY

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

TICKERS GLOBAL

1. NYSE:BIP (Brookfield Infrastructure Partners L.P.)
2. NYSE:BN (Brookfield Corporation)
3. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)
4. TSX:BN (Brookfield)

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