



TFSA Investors: This Top Growth Stock Is a Must-Buy in This Downturn

Description

Brookfield Asset Management (TSX:BAM.A)([NYSE:BAM](#)) stock was on a tear, rising 43% in 2019.

BAM is a leading global alternative asset manager with more than US\$540 billion of assets under management (AUM) across real estate, infrastructure, renewable power, private equity, and credit.

It's an owner, operator, and investor. When you invest in BAM, you're investing alongside business partners.

Specifically, BAM is the general partner and manager of its spun-off listed entities. Therefore, shareholders can be reassured that their interests are aligned with those of BAM.

BAM has many years of experience as an operator of real assets. Therefore, it knows how to run them optimally.

Additionally, it's a value investor. As a global company, it's able to deploy capital in sectors and geographies that are the most distressed. In other words, BAM benefits the most in today's type of environment, where there are higher uncertainties.

Brookfield Asset Management is a winner

Over the last 25 years, the growth stock has delivered a compound annual growth rate (CAGR) of 18%, which greatly exceeded the **S&P 500's** 10%. This is a difference of \$518,339 — turning a \$10,000 investment into \$626,686 versus \$108,347. Extra returns compounded over a long time leads to magnificent results!

Imagine [buying and holding this proven growth stock](#) in your Tax-Free Savings Account for the long haul. You'll retire richer than you think!

BAM has shown no sign of slowing down. From 2015 to 2018, the company's AUM, fee-related earnings, gross fees plus target carry, and cash available for reinvestment or distribution increased at

CAGRs of 16%, 20%, 26%, and 23%, respectively.

BAM! It's getting bigger and better!

The acquisition of Oaktree last year helped to increase its AUM by more than half, including adding US\$110 billion of fee-bearing capital. Oaktree added diversity to BAM's offerings and became its premier credit platform.

There's a long runway for the growth stock because more and more people are seeking the wonderful returns that come from real assets and excellent management.

The company's AUM includes US\$290 billion of fee-bearing capital, which consists of long-term private funds, perpetual strategies, Oaktree, and public securities, from which it generates fee-related earnings.

At the end of 2019, Brookfield Asset Management had accumulated net unrealized carried interest of US\$2,389 million. This is significant. Carried interest is a fixed percentage of investment gains generated within private funds provided that the investors receive a predetermined minimum return.

BAM has a track record of generating double-digit returns. And investors keep coming back for more. It's been increasing its net unrealized carried interest at a CAGR of 53% since 2015!

In 2019, BAM deployed US\$32 billion across its businesses, including US\$5 billion in Oaktree. At year-end, the company had US\$65 billion of available liquidity to deploy into new investments! Therefore, investors can expect continued extraordinary growth from BAM.

The Foolish bottom line

BAM stock has pretty much been going up, up, and up for more than a year. Finally, it has corrected about 20% from its high along with the market correction, which has been going on for about three weeks. Investors who've been itching to get into the quality growth stock can start building their positions.

There will likely be increased market volatility over the next few months (at least). So, don't use up all your dry powder yet.

That said, it's [a good time to buy](#) some BAM shares, because it's meaningfully undervalued by 25%, according to the 12-month analyst average price target.

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