



Buy a Brookfield (TSX:BAM.A) Stock and Get Rich Over a Lifetime!

Description

Brookfield Asset Management (TSX:BAM.A)([NYSE:BAM](#)) has been a major winning stock for anyone who has invested over the past 10 years. Its unique, contrarian investments in alternative assets have accreted over 350% of wealth since 2010. In fact, up until the 2020 pandemic crisis, BAM and all of its subsidiaries were performing exceptionally well.

Now that the COVID-19 crisis has created a new normal, it is important to ask: What Brookfield stocks are best to own going forward? Below, I'll discuss each based on their investment characteristics.

Brookfield Asset Management is a must-own stock

Brookfield Asset Management, the parent company, is a must-own stock for every Canadian. The next few quarters might be choppy; however, I think BAM will benefit from this environment over the long term.

Lower-for-longer interest rates are favourable for BAM. Institutional clients need yield, and the only place to get that is in alternative assets like infrastructure, real estate, and utilities. This means more fee-bearing capital and carried interest opportunities will be coming to BAM.

BAM will also profit from the short-term recession conditions. It will have ample opportunities to [deploy capital](#), through its subsidiaries, private investments, and/or Oaktree Capital (its distressed debt division), into bargain-priced assets that are facing financial duress.

Brookfield stock doesn't pay a large dividend (1.5% yield). Rather, it compounds returns by reinvesting in the business. Brookfield stock is a compounding cash flow machine. You may have to be patient in 2020, but I am certain you won't regret owning this stock five, 10, or 20 years from now.

Income and safety from renewables

Brookfield Renewables is probably the lowest-risk Brookfield entity. It has a 100% renewable energy

portfolio that produces 19,000 MW of power across the globe. As concerns around global warming rise, demand for sustainable power solutions will also grow. Right now, it is paying a well-covered and growing 4.6% payout. Growth may be limited for this year; however, it is a great place to park your capital, earn some nice income, and see long-term annual 7-9% capital appreciation.

Income and growth infrastructure

Brookfield Infrastructure invests in infrastructure assets like pipelines, transmission lines, data infrastructure, and ports. Around 85% of cash flows are protected by long-term, secure contracts. The stock is yielding 5.6% and is [cheap](#) — trading at a mere 11 times price to funds from operations. It has been labelled a “growtility,” because its business is highly stable, but it also has a large global growth pipeline. Investors can expect 12-15% cash flow growth for many years to come. It is a very good buy here.

These Brookfield stocks are risky but have bigger upside

Brookfield's riskiest stocks, **Brookfield Business Partners** and **Brookfield Property Partners**, are interesting as well. I think Brookfield Business Partners actually has strong potential to outperform the other subsidiaries over the long run. Its businesses are very high quality, essential in nature (hospitals, waste water services, nuclear power services), and have potential to fetch significantly higher valuations upon maturation.

A recession may temporarily affect quarterly results, but it can also profit long term from acquiring bargain-priced companies looking for capital bail-outs. You need a 10-year time horizon, but I think it can achieve its projected +15% per annum growth rate.

Brookfield Property is by far the riskiest Brookfield stock right now. The stock completely collapsed after the March market crash. Today, it is yielding close to 15%. It is heavily exposed to two very challenged real estate sectors: office and retail/malls. Its high dividend is priced to be cut, and it may very well be. Yet this stock should not be trading so low. It is trading at only 30% of its book value. There are some major risks here, but a turnaround in the economy could see this stock recover over 100%.

The Brookfield bottom line

Brookfield is an incredible organization, but not all of its parts are alike. BAM is always a good first choice, but each subsidiary can achieve a different objective in your portfolio. Pandemic or not, Brookfield is a very long-term investor. Whichever stocks you choose, plan to hold them for a very long time, and I bet you won't be disappointed.

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