



## Stock Deep Dive: Brookfield Asset Management (TSX:BAM.A)

### Description

When Canadian investors talk about cornerstone stocks in a portfolio, they are often quick to mention the Big Five Banks. While this is a reasonable answer, **Brookfield Asset Management** (TSX:BAM.A) ([NYSE:BAM](#)) is another financial institution that deserves a lot of attention. The company has a storied history of success and shows no signs of changing course in the future. In this article, I will describe the behemoth that is Brookfield Asset Management.

### What does this company do?

Brookfield Asset Management is an alternative asset management company that has approximately \$550 billion assets under management. Not only that, but the company primarily invests in *real assets*. These are assets that have intrinsic worth due to their properties. Examples of real assets include real estate, infrastructure, and utilities. Brookfield's CEO, Bruce Flatt, believes that real assets will become a more popular investment vehicle in the future. If this is true, then Brookfield is well ahead of the curve.

One interesting point about Brookfield is its subsidiaries. Currently, the company lists five divisions as part of its business: real estate, infrastructure, renewable energy, private equity, and Oaktree Capital. Any of these subsidiaries on their own are impressive enough to warrant an investment. [I have written frequently](#) about **Brookfield Renewable Partners** and feel that it is one company that will see a lot of growth in the coming years.

### Brookfield has a world-class management team

As mentioned previously, Brookfield is led by its CEO [Bruce Flatt](#). He is a highly respected executive that has been equated to being Canada's Warren Buffett. A key reason for this comparison can be attributed to his investment style, which leans toward finding undervalued assets. In addition, like Buffett, Flatt has managed to maintain a high level of performance over a long period and holds a large investment in the company.

## In terms of performance, few companies compare to Brookfield

The company has been growing at a compound annual growth rate of more than 12% for the past 10 years. This is increasingly impressive given the fact that the **Toronto Stock Exchange** has been known to be slower in terms of growth compared to its American counterparts.

Brookfield is also a Canadian Dividend Aristocrat. The company has been able to grow its dividend for the past eight years. Currently, Brookfield has a more conservative forward dividend yield of 1.46%. The company has a current dividend-payout ratio of 63%. Although a bit higher than I prefer, the company's history of smart capital allocation should give investors some reassurance that it will be able to keep growing its distributions in the future.

## Foolish takeaway

Brookfield Asset Management is a top Canadian company. It has a diversified portfolio in terms of assets, with its renewable energy subsidiary being one of the most exciting companies in Canada for the next decade. The company is also geographically diversified, spreading its presence across 30 different countries. Brookfield Asset Management is, without a doubt, a company that all Canadian investors should hold in their portfolios.

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