



Warren Buffett: Get Rich With This Young Berkshire Stock

Description

Warren Buffett's **Berkshire Hathaway** has delivered phenomenal long-term returns. Early investors of Berkshire got rich by turning every \$100 invested in 1965 into more than \$1.5 million with annualized compounded returns of about 20%.

That's an investment over half a century! Many young investors nowadays can't imagine holding a stock for that long. It'd almost be a miracle if they held a stock for more than a year.

How many companies do you trust to invest your money for 50 years?

You can still get rich from Berkshire but...

Notably, Berkshire's growth has slowed down in more recent years. In the last 15 years, the stock delivered annualized returns of about 9.3% per year.

Today, the diversified company continues to be a low-risk way to compound one's wealth, especially if you buy the quality stock during market corrections.

Early Berkshire investors got to compound their investment for a fabulous rate of return in a wonderful business. There's no need to admire them, though. Here's a young Berkshire-like company that targets annualized returns of 12-15% in the long run.

A Berkshire-like company

Like Berkshire, **Brookfield Asset Management** (TSX:BAM.A)([NYSE:BAM](#)) owns and invests in quality assets and businesses with a value investing approach. BAM's portfolio of real assets across renewable power, infrastructure, real estate, private equity, and credit are mostly cash cows.

BAM holds a large piece of each of these business arms. Unlike Berkshire, BAM is involved in the operations of the businesses as a manager. In fact, by using its expertise to optimize operations or

improve assets, it generates outsized returns from the value creation.

Brookfield Asset Management's investment products and services have easily attracted institutional and retail investors. In the last 10 years, BAM has expanded its institutional investor base to about 2,000 clients.

BAM also earns management fees. Its fee-related earnings (before performance fees) compounded 20% per year since 2016 to US\$1.4 billion in the last 12 months. This aligns closely with the 25% growth rate of its assets under management in the period.

Moreover, when investors receive a predetermined minimum return, BAM earns gains from its private funds. These gains are accumulated as carried interest that's typically paid to BAM towards the end of the life of a fund after the capital is returned to investors. Its net accumulated unrealized carried interest was nearly US\$2.3 billion at the end of Q3.

BAM will outperform Berkshire

Going forward, Brookfield Asset Management will outperform Berkshire due partly to the sheer size of the latter.

In the past 15 years, BAM delivered annualized returns of 11.2%, beating Berkshire's 9.3%. If you buy BAM stock during market corrections, you can increase your chance of getting returns in the 12-15% range if not greater.

Should you buy BAM stock now?

You can get rich from investing in [BAM](#) for the next decades. If you don't own any Brookfield Asset Management shares, you should certainly look into buying a starter position. If the stock corrects, you should definitely load up! It has incredible long-term growth potential.

Low interest rates will increase the demand for BAM's real assets — most of which generate substantial cash flow. Additionally, it will earn growing management and performance fees in the long run.

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