



Warren Buffett: How to Make Millions in a Market Crash

Description

Early this week, Warren Buffett spoke out publicly for the first time since **Berkshire Hathaway's** annual general meeting. He felt compelled to speak up about the troubling bi-partisanship that is holding up a stimulus relief package for millions of Americans. [He implored lawmakers](#) to cross the bridge and come together to do what is best for all Americans.

Warren Buffett went to bat for small businesses this week

For much of his career, Warren Buffett has helped small businesses become leading corporations across the world. Despite owning an empire of his own, Mr. Buffett clearly has an affection for those small business owners pursuing the American dream. That is why his appeal is notable at this moment. While waiting for a pandemic recovery, the stimulus measures could keep many of these dreams alive for many years ahead.

This Canadian stock takes a page from Buffett's playbook

Warren Buffett has made a career by taking advantage of other investors market fears. He takes good businesses in unloved markets and makes a fortune by turning them around. It reminds me of [a top Canadian stock](#) that has mirrored Warren Buffett's investment mentality. That stock is **Brookfield Asset Management** (TSX:BAM.A)([NYSE:BAM](#)).

Although BAM primarily focuses on alternative assets such as infrastructure and real estate, it is well known for investing everywhere the market doesn't like — at least at the moment. By this I mean BAM is looking for assets that are under-utilized, distressed, or unloved. Like Warren Buffett, BAM takes a counter-cyclical approach to investing. So far, it has been incredibly successful.

During the 2010 financial crisis, BAM invested heavily through the market crash. Investors were fleeing from market, and there was BAM quietly buying up cheap assets. Those investments in the darkest times ended up fueling a 465% return over the decade. That's not including returns earned by dividends or spin-offs either.

Like Warren Buffett, BAM isn't afraid of turnarounds

BAM has a global presence, so it is able to quickly deploy capital wherever it sees deep value. In fact, its management said it will set up an office in a jurisdiction and wait as long three or even five years before it actually executes its first deal. The point is, BAM is patient and it isn't afraid of less-than-perfect businesses/assets. After acquiring assets at fire-sale prices, it inserts new management, injects capital, and eventually turns them into highly sought-after cash flow machines. It is Warren Buffett's investment formula to the core.

If there is one Canadian stock that could replicate a Warren Buffett success story, it is BAM. Management and a number of analysts have stated that the business is in the best position it has ever been in. It's not an exaggeration. This year, it has seen some of its strongest fund raising ever.

Its customers, institutional investors, cannot meet their income and yield requirements through bonds. Alternative-yielding assets like renewables, railways, and real estate are some of the best substitutes to earn a solid risk-adjusted return. It has the expertise, scale, and reputation to make it a partner of choice for these large institutions. Consequently, BAM's management believes it could essentially double its fee-bearing earnings in as little as five years!

Do you see fear? It's time to buy

Warren Buffett famously once said, "I will tell you how to become rich. Close the doors. Be fearful when others are greedy. Be greedy when others are fearful." Brookfield Asset Management lives and breathes on this mentality. Whether looking for small investments or large, BAM hunts for value across the globe. I think this sets it up to be a must-own stock in 2021 and long beyond!

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