



Is Brookfield Asset Management (TSX:BAM.A) the Ultimate Recovery Play?

Description

Brookfield Asset Management (TSX:BAM.A)([NYSE:BAM](#)) has bounced back, recouping all the losses accrued as the COVID-19-fuelled crash in early-2020. The stock has gained more than 50% from its March lows as the upward momentum continues to gather pace.

With exposure to commercial real estate, corporate debt and private equity, Brookfield was perhaps the most vulnerable during the crisis last year. Now, with capital pouring back into the markets at record pace and a recovery underway, Brookfield could be one of the biggest winners.

Here are three reasons why BAM stock is an ideal rebound stock for 2021.

Record low interest rates

The rally has coincided with an uptick in fundamentals fuelled by the record-low interest rates. As it stands, demand for the company's asset management offerings is growing as institutional and retail investors worldwide seek a greater return.

Brookfield Asset Management boasts of a diverse range of assets expected to be a key driver of growth and free cash flow going forward as a global alternative asset manager. For instance, the company has investments in real estate, infrastructure, renewable power, and private equity.

The business's diversified nature means it is well positioned to navigate the firestorm triggered by the COVID-19 pandemic as it does not rely on a single revenue stream. Similarly, as global economies bounce back at the back of the record low-interest-rate environment, Brookfield Asset Management remains well positioned to generate significant revenues and free cash.

Megadeals

Brookfield has used this cheap capital to double-down on its strategies. It recently launched a commercial real estate investment trust in India. It's also in the process of taking **Brookfield Property Partners** private. It's also [acquiring Inter Pipeline](#) to bolster its private equity portfolio.

The Brookfield team has been busy planting seeds while valuations were lower and capital was cheap. Investors should expect these moves to generate tremendous capital appreciation and cash flows over time.

Dividend Record

BAM boasts of a solid 22-year record of dividend payments, which underscores its ability to generate shareholder value. A dividend yield of 1.21% is not only attractive but sustainable given the diversified nature of Brookfield Asset Management's core business.

Just this past week, the company reported record profits and bumped up the dividend by another 8%.

The global alternative asset manager has already indicated it plans to grow returns by between 12% and 15% going forward. As it stands, the stock is highly undervalued given its growth metrics and long term prospects supported by solid fundamentals.

Bottom line

Brookfield's property and investment business was battered by the economic crisis last year. However, the team used the crisis to raise cheap capital and double down on multiple strategies. This means they've deployed capital while valuations and interest rates were at record-lows.

These strategic moves should be reflected in the company's books throughout 2021 and beyond. That's what makes BAM a top stock for the economic rebound that's underway.

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Date

2025/09/14

Date Created

2021/02/17

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