



High-Growth Value Stocks: 1 Global Alternative Asset Manager to Own Forever

Description

Brookfield Asset Management (TSX:BAM.A)([NYSE:BAM](#)) is a [leading global alternative asset manager](#) with a history spanning over 100 years. The company has \$600 billion of assets under management across a broad portfolio of real estate, infrastructure, renewable power, private equity, and credit. Brookfield's \$312 billion in fee-bearing capital is invested on behalf of some of the world's largest institutional investors, sovereign wealth funds, and pension plans, along with thousands of individuals.

Disciplined capital allocation

Brookfield provides a diverse product mix of private funds and dedicated public vehicles, which allow investors to invest in five key asset classes and participate in the strong performance of the underlying portfolio. The company invests in a disciplined manner, targeting returns of 12-15% over the long term with strong downside protection.

The company predominantly invests in real assets across real estate, infrastructure, renewable power, and private equity. Brookfield holds a significant investment in Oaktree Capital Management, which is a leading global alternative investment management firm with expertise in credit.

Diverse product offering

Further, the company offers public and private vehicles to invest across a number of product lines, including core, value-add, and opportunistic growth equity and credit strategies in both closed-end and perpetual vehicles. The company adopts a focused investment strategy by investing where it has strong competitive advantages, such as strong capabilities as an owner-operator, large-scale capital, and a global reach.

By adopting a disciplined financing approach, Brookfield employs [leverage in a prudent manner](#) to enhance returns while preserving capital throughout business cycles. Underlying investments are typically funded at investment-grade levels on a standalone and non-recourse basis, providing it with a

stable capitalization. Just 6% of the total leverage reported in Brookfield's consolidated financial statements has recourse to the company.

Sustainability

By ensuring that the assets and businesses in which Brookfield invests are set up for long-term success, the company seeks to have a positive impact on the environment and the communities in which it operates. In addition, Brookfield maintains significant invested capital on the company's balance sheet. This capital generates annual cash flows that enhance the returns it earns as an asset manager and creates a strong alignment of interest.

In total, Brookfield has approximately 150,000 operating employees worldwide focused on maximizing value and cash flows from the company's assets and businesses. Brookfield operates in more than 30 countries on five continents worldwide. Brookfield's financial returns are represented by the combination of the earnings of the company's asset management business, as well as capital appreciation and distributions from Brookfield's invested capital.

Recurring income

Brookfield's operations are organized into an asset management business, five operating groups and other corporate activities, which collectively represent seven operating segments for internal and external reporting purposes. The company measures operating performance primarily using funds from operations (FFO) generated by each operating segment and the amount of capital invested by the company in each segment using common equity.

The company generates contractual base management fees for asset management activities as well as incentive distributions and performance income, including performance fees, transaction fees, and carried interest. This is a valuable stream of recurring income that makes Brookfield a great stock to own over the long term.

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