



New Investors: Buy 1 Top Stock to Keep it Simple

Description

[Investing for beginners](#) can be outright overwhelming. Where do you even begin? You can start with **Brookfield Asset Management** (TSX:BAM.A)([NYSE:BAM](#)) to keep it simple.

The company's investment portfolio encompasses a diverse range of businesses. Importantly, the management has a long-term investing mindset that's perfect for new investors who are building their wealth — potentially for retirement.

Having a long-term investment horizon provides a favourable setting for stock investing, which can be volatile in the short term. However, by becoming part-owners of quality businesses like BAM and investing in them for a long time, you'll be rewarded.

BAM's awesome businesses

Brookfield Asset Management is an alternative asset manager that has a history spanning more than a century. Over the years, it has grown its assets under management to about US\$600 billion, including more than half in fee-bearing capital.

From its fee-bearing capital, BAM earns fee revenues that include base management fees, incentive distributions, performance fees, and transaction fees, from institutional investors, sovereign wealth funds, and pension plans.

BAM's investment portfolio focuses on five key asset classes: real estate, infrastructure, renewable power, private equity, and credit. BAM just took its real estate business private. However, investors can still get a piece of it by being invested in BAM. You can also invest in BAM's [infrastructure](#), renewable power, or private equity arms via its publicly listed entities.

The company also recently spun out its reinsurance business, which provides greater flexibility for it to raise funds from the capital markets.

Brookfield Asset Management has several competitive advantages. First, it has strong operating

capabilities as an owner and operator of its businesses. Second, it has large-scale access to capital. Third, it invests globally, which allows it to invest in industries or geographies that are most deprived of capital at any time.

What should you do with this top stock in a market correction?

As the 2020 pandemic year demonstrated, Brookfield Asset Management's consolidated business is highly resilient to economic contractions. It actually *increased* its funds from operations per share by 20% and its dividend by 11%.

However, the business doing well was one thing. There was so much uncertainty during the onset of the pandemic that before the top-notch 2020 results were released in early 2021, investors sold off the stock as much as 46% in the pandemic market crash that bottomed in March 2020. The correction was a superb opportunity to buy the quality stock. The shares more than doubled by appreciating about 120%.

BAM has an excellent management team that has a track record of driving a 12-15% long-term rate of return on its investments while limiting downside risk. Therefore, if the top growth stock sells off in a future market correction, consider backing up the truck.

The Foolish investor takeaway

The growth stock has rewarded long-term investors handsomely. Since 2010, the stock has delivered total returns of about 19% per year. This is the equivalent of growing a \$10,000 investment into approximately \$77,568, or a nearly eight-bagger!

It's also a dividend-growth stock with a five-year dividend-growth rate of about 8.8%. Going forward, I expect it to continue growing its dividend by about 8% per year while expanding its businesses meaningfully.

Just to be clear, I'm not advocating holding just this one top stock. However, Brookfield Asset Management is an excellent investment to start with and is a core holding you can add to over time for long-term investment.

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