



## 1 Growth Stock Turned \$10,000 Into \$500,000: It's Still a Buy Today

### Description

There's a lot to like about **Brookfield Asset Management** (TSX:BAM.A)([NYSE:BAM](#)). First off, its total returns have been incredible. The wonderful business makes it look easy to beat market benchmarks. If you had held the growth stock long enough, you could have transformed \$10,000 into more than \$500,000 just by sitting on your original shares!



BAM.A Total Return Level data by YCharts

Through this growth stock, investors can gain exposure to tonnes of good stuff, including top-notch management and a diversified portfolio that has a long growth runway.

## The growth stock's top-notch management

The global asset management company is run by some really smart people. Not only is Brookfield Asset Management an owner of quality assets, but it's also an operator and developer. On top of that, it is a value investor. Because of its footprint across five continents and 30 countries, the company has a competitive advantage. It can buy undervalued assets or businesses in sectors or geographies that are most strapped for cash.

In the last reported quarter, [Brookfield Asset Management](#) had about US\$650 assets under management, of which about half were fee-bearing capital. It earns management fees on the assets it invests for its clients. In the last 12 months, its fee revenues climbed almost 16% to US\$3.2 billion.

Furthermore, when it achieves a minimum predetermined return for its clients, it earns carried interests, which it cashes out when the fund matures. In the last quarter alone, BAM generated US\$1.0 billion of carried interest, which represented a growth of 16% in its accumulated unrealized carried interest, pushing the total to US\$6.9 billion.

As a value investor, BAM has an ongoing capital-recycling program. It could sell assets or businesses after it had optimized their operations. Consequently, it's not surprising at all to see disposition gains, often returning double-digit rate of returns. In the last 12 months, it pocketed gross proceeds of US\$42 billion, which led to realized carried interest and disposition gains of US\$6.6 billion.

## A diversified portfolio with a long growth runway

The growth stock's portfolio includes real estate, infrastructure, renewable power, private equity, and credit as its core investments. The already diversified business is investing in new areas, including insurance and technology. They retain the focus on generating cash flows and strong total returns for the long haul.

Management is looking to double the business again over the next five years, which would imply a rate of return of almost 15% in the period if the growth stock were fairly valued today. The consensus analyst price target does suggest BAM stock is fairly valued. So, investors who don't own the stock should consider getting a position started.

"It's far better to buy a wonderful company at a fair price than a fair company at a wonderful price."

*Warren Buffett*

Mr. Buffett's quote has great wisdom in it. You are sure to become wealthier by buying a wonderful business, even at a fair price, because it's destined to become more valuable as time elapses.

When the [growth stock](#) does go on sale, probably during market-wide corrections, consider buying more shares to build a larger position in the winning business.

### CATEGORY

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2. Stocks for Beginners

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kayng

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