



## Which Brookfield Stock Should You Buy?

### Description

If you invest in Canadian stocks, chances are likely that you have come across the name “Brookfield” on several occasions. Over the past several decades, **Brookfield Asset Management** (TSX:BAM.A) (the parent company) has built and several large private and publicly listed franchises. These encompass asset management, [real estate](#), infrastructure, renewable power, private equity, insurance, and specialized debt.

Given its size and diversity, Brookfield is an incredibly complex organization. At times, it can be difficult to comprehend. If you want to understand which Brookfield is best for you, here is a quick overview of each public stock.

### Brookfield Asset Management: The mother ship

With a market cap of \$93 billion, Brookfield Asset Management stock is like the mother ship. It owns a large stake in its publicly listed stocks and collects a fee for managing these entities. BAM gets the first bite of all the earnings from these entities.

Brookfield also manages and invests capital for large institutions like pension funds and endowments. It collects fees for investing this capital and it often earns a carried interest (a stake in the profits) when these funds are monetized.

Brookfield Asset Management stock only yields 1.25%. It prefers to keep its profits and re-invest into expanding its business. BAM is the stock you want to own for long-term compounding returns. Its stock is very [cheap](#) today.

Just note, BAM will spin off a 25% portion of its asset management business. The manager will distribute a large portion of its recurring earnings, so this will likely be a higher yielding stock when it is listed later this year.

## Brookfield Renewables stock

With a market cap over \$24 billion, **Brookfield Renewable Partners** ([TSX:BEP.UN](#)) is the largest listed Brookfield stock. It is one of the largest pure-play [renewable power](#) stocks in the world. Energy security is a major issue around the world and that is creating massive opportunities for BEP to grow.

Brookfield Renewables has a huge development pipeline in front of it. It has expertise across the energy spectrum (including in nuclear), and this will provide decades of projects ahead.

BEP pays an attractive 4.5% dividend yield right now. It has grown its dividend by an attractive 6% annual rate. It targets around 10% annual earnings-per-unit growth all the way to 2026.

## Brookfield Infrastructure

With a market cap of \$23 billion, **Brookfield Infrastructure Partners** ([TSX:BIP.UN](#)) stock operates a huge [empire of infrastructure assets](#) around the globe. It operates in four distinct sectors including energy, utilities, transportation, and data.

BIP has a great history of delivering strong total returns for shareholders (around 15% per annum since 2012). BIP has outsized organic growth within its portfolio of companies. However, it could also gain from value-priced acquisitions if a recession occurs.

Today, it pays a 4% dividend yield and has a target to grow that dividend by 6-9% a year. This is probably the most defensive stock in the Brookfield portfolio.

## Private equity and insurance

If you want to increase the level of risk, **Brookfield Business Partners** is a private equity stock. It acquires and builds quality cash-yielding businesses. Its earnings can be very lumpy, so it can be volatile. You will need a very long-time horizon for this stock. However, it is very undervalued and could unlock value given years or decades.

**Brookfield Re-Insurance** is the listed entity for its growing insurance business. Brookfield believes this could be a major growth area in the coming years. However, it is quite small today and only in the early innings of its operations. Until it gathers more scale, shareholders are likely best served just owning the parent company, BAM.

## The takeaway on Brookfield stocks

Brookfield stocks have something for every investor. Generally, these are strong businesses with high-quality assets, strong cash flows, and smart managers. The parent company, BAM is my favourite for its attractive valuation and ability to compound over long periods of time. However, BEP and BIP are top stocks for income-focused investors.

### CATEGORY

1. Investing
2. Stocks for Beginners

## POST TAG

1. Editor's Choice

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