$22 per share
Flatt sheds the Brascan name in favour of Brookfield Asset Management, reflecting a focus on real estate, power generation and funds management. Almost all the big holdings from Brascan's conglomerate heyday in the 1980s—including Labatt, MacMillan Bloedel, Royal Trust and Noranda—have been sold off

$9 per share
Hard-driving Bruce Flatt, who arrived at Brookfield Properties' badly damaged Manhattan office buildings within 24 hours of the Sept. 11, 2001, terrorist attacks to supervise repairs, succeeds master accountant Jack Cockwell as CEO of Brookfield's parent company, Brascan Corp.

$43 per share
"Will someone please tell me why we worship Warren Buffett and no one's ever heard of J. Bruce Flatt?" asks super-animated stock guru Jim Cramer, as he lauds Brookfield during a segment on his popular CNBC show, *Mad Money*. "The world is Flatt, two Ts"

Bruce Flatt's big, bold makeover

It's been a glorious ascent since the company formerly known as Brascan renamed itself in 2005. Brookfield Asset Management, as it's now called, has driven its share price up by more than 50% by unlocking the value of its big assets in commercial real estate, forestry, power generation and other infrastructure.

That change in name—and in its ticker symbol, to BAM—was more than cosmetic. Back in the 1980s and '90s, Brascan was a hodgepodge of unrelated businesses that included Royal LePage (real estate), mining (Noranda), brewing (Labatt) and many other sectors. Investors didn't like it because they couldn't value it.

When Bruce Flatt got the keys to the corner suite in 2002, things started to change. Most of Royal LePage was spun off into an income trust, mining interests were sold to foreigners, and more office buildings and infrastructure assets, including a stake in Chile's power transmission grid, were added to the portfolio.

Flatt cut his teeth within Brascan in the 1990s by running the Brookfield Properties division, which included office buildings and institutional real estate funds. He figured he could apply the fund management model to all of Brascan's core areas.

The rationale was simple: Managing your own infrastructure can be very profitable, but while you're at it, why not manage assets for other investors? Running a $1-billion portfolio doesn't require much more expertise, or cost much more, than running a $300-million one. So, let investors who aren't interested in day-to-day management co-invest their money in funds with Brookfield. The company can enjoy the gains from its own assets and earn management fees on a much larger base. It makes more money with the same investment, driving up its return on equity—the most crucial yardstick in business.

Here's how the math works: For 2007, Brookfield will earn about $120 million (U.S.) in net fee income. The company has an ambitious plan to increase its equity assets under management from $8 billion (U.S.) to $80 billion (U.S.) within five years. Assuming a 1.5% management fee, that's an extra $1.1 billion (U.S.) of annual cash flow. If investors value Brookfield's stock at 15 times its annual cash flow per share—a low multiple for asset management companies—this translates into an extra 25 bucks on the stock over that time.

Can Brookfield raise $15 billion (U.S.) a year from institutional investors to gather assets? Just consider the trends: Estimates say the world needs $35 trillion (U.S.) of new infrastructure over the next 25 years, yet many governments and corporations can't afford the full cost. Work forces are aging, and pension funds are bursting with money to invest. Real interest rates are low. And Brookfield will continue to shift assets it now owns into funds.

In five years, if the plan works, there will be few traces of Brascan left in Brookfield. Prosperous investors won't miss it. **—Fabrice Taylor**

TIP SHEET

VALUE
Mainstreet Equity
Losses scare investors, which is why money-losing companies can be bargains. Mainstreet Equity looks like one. The Calgary-based real estate concern buys and renovates small apartment buildings in promising locations. The faster it grows, the worse its current profits. Here's why: Mainstreet buys a building and starts to renovate. Rents decline, costs climb and profits vanish. When the renovation is finished, however, the math reverses. Mainstreet is currently upgrading about half its buildings, but the rest churn out cash, which is used to buy more buildings. Why is Mainstreet a bargain? Its shares are trading at a big discount to appraised value of the underlying real estate.

GROWTH
Great Canadian Gaming
The house never loses, but investors in the house sometimes do. Great Canadian Gaming's shares plunged from around $21 a share in 2005, to $10 a share in 2006. But the Richmond, B.C.-based operator of casinos, bingo halls and horse tracks reported a 14% jump in its operating profit for the third quarter of 2007. Great Canadian has refinanced debt and is expanding again. Analysts forecast that profits will nearly double by 2009. At about $16 a share lately—almost 40 times forecast earnings per share for next year—the market clearly expects brisk growth. Ante up, investors!

PHOTOGRAPH FRED LUM/THE GLOBE AND MAIL