



## Why Brookfield Asset Management Inc. Could Be a Big Winner in Greece

### Description

Alternative asset manager **Brookfield Asset Management Inc.** (TSX:BAM.A)([NYSE:BAM](#)) has a very simple strategy: buy quality assets at a meaningful discount, then hold on to them for a long time. It has a fantastic track record of doing so, with its shareholders having earned 20% per year over the past two decades.

Brookfield tends to be most successful when capital is scarce, which makes perfect sense. By seeking buyers' markets, the company has a better chance of picking up quality assets for cheap. Most recently, this has meant focusing heavily on Brazil.

The country's economy is suffering from low commodity prices, and the state-run energy company Petrobras is plagued by a massive corruption scandal. Many investors don't want anything to do with the country. This is perfect for Brookfield, which has a large presence in the country.

But now there's a new opportunity for the company in another country rocked by scandal: Greece.

### A new deal for Greece

On Monday Greece and the other members of the Eurozone reached a tentative agreement for a new bailout package, one that will impose more austerity measures on the country. It was a major defeat for Prime Minister Alexis Tsipras, who had pledged to boldly fight such austerity.

A key component of this agreement is the transfer of €50 billion of "valuable" Greek assets to a privatization fund. This fund will be located in Greece and managed locally, but will be overseen by "the relevant European institutions." Government assets such as ports and utilities will be a part of the fund.

This is where Brookfield could step in. The company loves to buy ports and utilities because they generate such stable cash flows. Brookfield also has a history in Greece—it was part of an investor team that recapitalized Eurobank with well-known investor Prem Watsa.

Furthermore, Brookfield has plenty of money at its disposal, with US\$4.8 billion in core liquidity and another US\$5.8 billion in uninvested client capital.

### How big a deal is this?

It's important to remember that Greece is a very small country. Meanwhile Brookfield's operations span most of the globe. So, this is really just one opportunity of many for Brookfield.

Yet Greece is a reminder of Brookfield's enormous potential. All over the world, there are places where capital is scarce, usually because of a struggling sector. For example, there's weakness in North American energy, in Australian mining, and numerous sectors in Europe. All of these issues result in golden opportunities for a company like Brookfield.

In a recent presentation, CEO Bruce Flatt said he expects Brookfield's share price to reach US\$100 (split-adjusted) within the next decade, up from about US\$35 today. While such a statement may seem lofty, the opportunity is certainly there. And now's not too late to be a part of it.

### CATEGORY

1. Investing

### TICKERS GLOBAL

1. NYSE:BN (Brookfield Corporation)
2. TSX:BN (Brookfield)

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