



Collect a 4.7% Yield From This Forever Stock

Description

On a highway just outside of Santiago, Chile stands a tollbooth. Each time a car passes by, it must pay a fee. Every trip costs about \$1.25.

What's better, there's another tollbooth just up the road... and still another one further down. All told, there're 19 of these booths collecting thousands of dollars in tolls every day... and one company owns all of them.

Now this special firm — which has already banked millions — is willing to split the profits with us. Some investors have already received thousands of dollars in dividends. Let me explain...

Santiago's \$380 million Forever Asset

It's called Autopista Vespucio Norte ("AVN"); a freeway, 30 kilometers long, that stands just outside of downtown Santiago. Thanks to a string of tollbooths dotting the highway, the owners collect a steady stream of income. And if you like cashing big dividend cheques, there's no better business in the world. Here's why:

The AVN is a profit machine. It was finished in 2005 at a cost of \$380 million. Today, the highway earns \$90 million in tolls every year — more than 20% of what it cost to build in the first place.

These revenues are mostly locked-in. That's because the AVN is the only way to and from the city's international airport. And if you're shipping goods from the nearby Port of Valparaiso, you have to take this highway.

And while the AVN was expensive to construct, it's not that costly to maintain. Once the road is built, it just sits there. Maintenance costs are only a tiny fraction of revenues; the rest can be paid out to its owners.

Cash flows are bulging. You see, Chile's economy is hotter than a honeymoon hotel. Over the past decade, the nation's gross domestic product has been expanding at a mid-single digit annual clip.

People are demanding more goods than ever. More trucks are needed to move all of these products around the country. Needless to say, that means more tolls for AVN's owners.

Prices are also rising. In an effort to cut congestion, AVN's owners can now hike rates at rush hour. These special tolls can be up to three times the base tariff during busy periods.

Best of all, there's no competition. Homes and businesses line each side of the highway. The cost to buyout every landowner along a new path would be billions of dollars. That means AVN can crank out thick, juicy profits year after year.

How to start collecting your own toll road income

In sum, AVN is perfect for investors who want to earn double-digit returns without taking big risks. Unfortunately, you can't invest directly in this highway. However, you can buy shares in the company that owns it: **Brookfield Infrastructure Partners L.P.** ([TSX: BIP.UN](#))([NYSE: BIP](#)).

In addition to the AVN, Brookfield operates dozens of toll roads, ports, utilities, and railways around the world. Because these properties are gushing so much cash, the stock currently yields a generous 4.7%. And I expect that payout will keep growing in the years to come.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BIP (Brookfield Infrastructure Partners L.P.)
2. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)

Category

1. Dividend Stocks
2. Investing

Date

2025/07/05

Date Created

2014/11/27

Author

rbailieul

default watermark