

Why Brookfield Infrastructure Partners L.P. Belongs in Your Portfolio

Description

Infrastructure stocks are considered to be some of the safest investments in the market, because their assets are vital components to the world's economy, and there are none better than **Brookfield Infrastructure Partners L.P.** ([TSX:BIP.UN](#))([NYSE:BIP](#)). Let's take a closer look at the company, so you can determine if it belongs in your portfolio.

A globally diversified portfolio

Brookfield owns and operates a globally diversified portfolio of long-life, high-quality infrastructure assets that require low maintenance capital requirements, are in industries with high barriers to entry, and generate stable and growing cash flows. Its assets include the following:

- Utilities: an electricity and gas distribution business, an electricity transmission business with about 11,000 kilometres of transmission lines, and a regulated terminal.
- Transportation: rail operations with about 10,000 kilometres of track, 33 port terminals, and 16 toll roads totaling about 3,500 kilometres.
- Energy: natural gas transmission pipelines totaling about 15,000 kilometres, a gas distribution business, and natural gas storage facilities with about 600 billion cubic feet of capacity.
- Communications: tower infrastructure including about 7,000 multi-purpose towers and active rooftop sites.

The company is also far from being done growing its portfolio, as it has stated that it believes it has "abundant acquisition opportunities" because of the capital required to maintain and expand the infrastructure needs of the growing global economy. Simply stated, it will continue to grow both organically and through acquisitions.

A distribution you can count on

Brookfield rewards its shareholders by paying out the majority of its cash flows in the form of quarterly distributions. It currently pays a quarterly distribution of US\$0.57 per share, or US\$2.28 per share annually, which gives its stock a very high yield of about 4.8%. This yield is also very safe when you consider that the company's funds from operations totaled \$1.02 per share and its distributions totaled \$0.57 per share in the first quarter, resulting in a payout ratio of 65%, which is within its long-term target range of 60-70%.

It's also important to make the following two notes about Brookfield's distribution.

First, the company has raised its annual distribution every year since 2009, including a compound annual growth rate of 12% in that span.

Second, it has a long-term distribution-growth target of 5-9% annually, and its strong growth of funds from operations, including its 14.6% year-over-year increase to \$1.02 per share in the first quarter,

could allow it to achieve this target for the foreseeable future.

Who should invest in Brookfield?

Brookfield is a low-risk investment opportunity that offers a high, safe, and growing distribution stream, as well as immense growth potential as a result of the world's growing need for infrastructure. Therefore, I think it is an ideal stock for all investors, so take a closer look and strongly consider initiating a position today.

CATEGORY

1. Investing

POST TAG

1. Editor's Choice

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