



Never Worry About a Market Crash Again

Description

If you've experienced a market crash, thoughts that have come across your mind may have been "I knew I should have taken profit," or "Now, my portfolio will become smaller because I have to sell more shares at a lower cost to get the income I need."

I'm not a believer of selling shares for income. Income should be generated by assets *without* having to sell any assets.

If you consistently invest in quality, income-producing assets over time, then given enough time, you should be able to generate enough income for your purposes.

Which businesses can you trust with your hard-earned savings? I believe **Brookfield Infrastructure Partners L.P.** ([TSX:BIP.UN](#))([NYSE:BIP](#)) should be one that's at the top of your list.

Why should you own Brookfield Infrastructure?

Not only will the business become more profitable over time, but you'll also earn a big starting yield of 4.5%.

Did I mention that it owns assets that are best in class and all over the global map, or that management is inclined to hike its payout year after year?

The ultimate business

Brookfield Infrastructure has built a diversified portfolio of utility, transportation, energy, and communication infrastructure assets across North and South America, Asia Pacific, and Europe.

The business generates stable, sustainable cash flows from its assets that support its growing distribution. Simultaneously, it has enjoyed double-digit growth by investing when no one would.

For example, the company has been recycling capital from fully valued North American utility assets into compelling high-quality assets in Brazil. It's a great time to invest in the country as it's having one

of its worst recessions in its history.

Specifically, Brookfield Infrastructure has invested more than \$1 billion in Brazil to build a large-scale electrical transmission utility and to acquire a leading natural gas transmission system. It is a backbone energy delivery system, which consists of a network of more than 2,000 km of pipelines.

Amazing performance

Since 2009 its funds from operations per unit have compounded by 23% per year. Subsequently, it has maintained healthy distribution-per-unit growth of 12% per year.

Indeed, this has translated to excellent unitholder returns. Since 2009 unitholders have enjoyed annualized returns of 24.9%, outperforming the average market returns of 10% by nearly 2.5 times!

However, investors should expect lower returns going forward because its multiple has expanded in the period of double-digit returns. That said, the company believes it's possible to deliver 11-12% annualized returns over the next five years.

Distribution

Since Brookfield Infrastructure has 90% of long-term contracted or regulated cash flows, its distribution yield remains sustainable with a payout ratio of 60-70%.

At about \$45.50 per unit, Brookfield Infrastructure yields almost 4.5%, which management aims to grow by 5-9% per year. Since the utility pays a U.S. dollar-denominated distribution, the growth rate is expected to be higher for Canadians.

Conclusion

Brookfield Infrastructure is a value investor to the core. It can invest internationally and has the patience to invest in out-of-favour geographies and sectors when capital is scarce.

In so doing, it can continue to generate above-average returns while growing its cash distribution. Long-term investors can simply average in to the stock over time without worrying about a market crash.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

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

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