

## Grow Your Income With Brookfield Infrastructure Partners L.P.

### Description

In any smart portfolio, there are different layers that make up a strong, well-structured growth opportunity. At the bottom, you have your core holdings; they're not the most exciting stocks, but they're consistent and predictable. At the top, you have the high-flying stocks, which provide far more volatility (both positive and negative).

But in the middle, there are those stocks that are still experiencing tremendous growth but are grounded enough to bring predictability. **Brookfield Infrastructure Partners L.P.** ([TSX:BIP.UN](#))([NYSE:BIP](#)) is just one such stock. For investors looking for ways to add more income to your portfolio, either to live on or to help fund further stock purchases, I think there are few stocks that provide as much opportunity as Brookfield Infrastructure.

At its core, the company invests in core infrastructure projects with assets spread across four main business units: 39% in utilities, 37% in transportation, 16% in energy, and 8% in communications. About 50% of its revenue comes from regulated sources, an additional 41% comes from contractual sources with 9% in miscellaneous holdings.

The Brookfield family of stocks are known for their value-investing approach to acquiring assets. And thanks to a series of very smart acquisitions over the past few years, growth is happening. Through Q3 2016, funds from operations increased by 12% per share. This factors in to the company's ability to pay an ever-growing dividend.

Management is looking to deploy anywhere from US\$500 million to US\$1 billion a year over the next three to four years in acquisitions. In Q3 2016 alone, it spent US\$660 million, picking up port operations in Australia, toll roads in Peru, and a gas-storage business in North America. Every one of these deals will have had an immediate impact on funds from operations, and we should get a better idea the impact of these acquisitions when the full-year 2016 earnings are released later this week.

One acquisition I expect to have an immediate impact is the takeover of the natural gas-transmission assets owned Petroleo Brasileiro SA Patrobras. All told, Brookfield Infrastructure is spending US\$1.1 billion to acquired 28% of the business with its consortium of investors picking up the majority. I like this deal because the pipeline already has contracts for 100% capacity; that means it doesn't need to worry about finding new customers and can just collect cash flow.

It's through these acquisitions and billions of dollars in organic projects that Brookfield Infrastructure is able to consistently increase the dividend. It currently yields 3.34%, which is a US\$0.39-per-quarter dividend. Management is looking to grow the dividend by anywhere from 5% to 9%, but RBC Capital Markets believes that management could actually increase the dividend by 12%. With the incredible growth in funds from operations, anything is possible.

Nevertheless, with the next earnings report only a few days away, and the dividend expected to increase during that announcement, it would be a good time to start picking up shares of the stock now. I believe it is one of those high-growth but predictable stocks that could make a sizeable impact

on your portfolio.

## 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.)

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