



## 2 Winners You'll Want to Keep in Your Stock Portfolio

### Description

Some investing veterans say that one should not clip the wings of their winners. If you had bought shares of these two companies any time in the last five years, you'd be sitting on some very decent gains, and you'd have earned some nice dividends.

Since 2012, **Brookfield Infrastructure Partners L.P.** ([TSX:BIP.UN](#))([NYSE:BIP](#)) shares have delivered an annualized rate of return of 24.4%, of which 3.1% were distributions.

In the same period, **Algonquin Power & Utilities Corp.** ([TSX:AQN](#))([NYSE:AQN](#)) shares have delivered an annualized rate of return of 18.5%, of which (coincidentally) 3.1% were dividends.

They have greatly outperformed the **Utilities SPDR (ETF)** (NYSEARCA:XLU), which has delivered annualized returns of 10.5%, of which 2.8% were dividends.

### My experience with Brookfield Infrastructure stock

Honestly, during Brookfield Infrastructure's great run in shares of about 40% in 2016, I considered taking partial profits. Instead, I added more shares when it dipped at the end of that year; I believed I was buying a quality business at a reasonable price.



### **Why is Brookfield Infrastructure a quality stock?**

Amazingly, the stock has continued to tread nearly 20% higher year-to-date.

What's lifting the stock? No doubt it has to do with its quality, globally diversified portfolio of critical infrastructure assets and its growing distribution.

Brookfield Infrastructure generates sustainable cash flows from its assets, including toll roads, railroads, pipelines, transmission and telecom towers, and ports.

Since 2009, the company has increased its distribution at a compound annual growth rate (CAGR) of 12%. With a payout ratio of 60-70% of cash flow, management aims to continue increasing its distribution by 5-9% per year.

### **Why is Algonquin a quality stock?**

Year-to-date, Algonquin shares have appreciated 23%. What's lifting the stock is its above-average growth. From 2012 to 2016, Algonquin's adjusted earnings per share increased at a CAGR of 18.9%, its funds from operations per share grew at a CAGR of 12%, and its dividend increased by 16% (on a Canadian-currency basis). The utility targets to grow its dividend by 10% per year through 2021.

Algonquin generates clean and renewable power in North America. As well, it offers regulated natural gas, water, and electric utility services to 780,000 customers.

Currently, Algonquin has \$10 billion of assets, and it has \$6.3 billion worth of potential investments for the next five years to sustain its growth and allow it to work towards its objective of becoming a top quartile North American integrated utility.

### **Investor takeaway**

Winners like Brookfield Infrastructure and Algonquin are better off being held in a portfolio. Continue to add shares on dips for outstanding long-term returns. Currently, these two utilities offer nice yields of 4.3% and 4.5%, respectively.

Their yields provide an incentive to continue holding the shares, despite their recent strong price appreciation. Furthermore, their growing distributions are supported by growing cash flows and will

support higher share prices in the long run.

## CATEGORY

1. Dividend Stocks
2. Investing

## POST TAG

1. Editor's Choice

## TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:BIP (Brookfield Infrastructure Partners L.P.)
3. TSX:AQN (Algonquin Power & Utilities Corp.)
4. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)

## PARTNER-FEEDS

1. Msn
2. Newscred
3. Yahoo CA

## Category

1. Dividend Stocks
2. Investing

## Tags

1. Editor's Choice

## Date

2025/08/10

## Date Created

2017/06/22

## Author

kayng

default watermark

default watermark