

## Is This Canada's Best Defensive Growth Stock?

### Description

Globally diversified publicly listed infrastructure stock **Brookfield Infrastructure Partners L.P.** ([TSX:BIP.UN](#))([NYSE:BIP](#)) remains one of the best growth stocks available to investors. This is despite rising tensions on the Korean peninsula which have triggered a stampede to safety among investors causing the price of gold to rise sharply in recent weeks.

### Now what?

Brookfield Infrastructure owns and operates a diversified portfolio of critical infrastructure across North America, South America, Europe, Australia, and Asia. That infrastructure includes ports, natural gas storage and transmission facilities, telecommunications towers, toll roads and railways. Those assets form a crucial link in facilitating any form of economic activity which, along with the expanding shortage of infrastructure investment globally, ensures that demand for their use keeps growing.

A considerable portion of Brookfield Infrastructure's assets are in developing economies. This allows it to benefit from the faster rates of economic growth experienced by those nations and the significant infrastructure shortages they experience as they develop.

This becomes apparent when taking a closer look at one emerging market that Brookfield Infrastructure recently entered and is focusing on bolstering its presence in: India. For 2016, India's GDP expanded by a whopping 7.1%, which saw it overtake China to become the world's fastest-growing major economy. The United Nations expects India's economy to keep expanding at a rapid rate, forecasting GDP growth of 7.3% during 2017.

That will only add further impetus to Brookfield Infrastructure's earnings, particularly with it bolstering its presence in the sub-continent through a range of acquisitions. These include working on closing the US\$600 million deal to purchase an Indian telecommunications business in which Brookfield Infrastructure has a US\$200 million stake. It is also rumoured to be in talks with two other telecommunications companies to buy their standalone telecommunications tower business, which is expected to have a value of up to US\$1 billion.

Those deals will give Brookfield Infrastructure considerable exposure to the rapidly growing Indian economy and the surge in demand for mobile telephony and data.

It is important to note that these characteristics, combined with Brookfield Infrastructure operating in oligopolistic markets, allow it to be a price maker, enhancing its already wide economic moat. This protects it from competition and, in combination with 95% of its earnings coming from contracted and regulated sources, furnishes the partnership with considerable defensive qualities.

When combined with its solid growth potential, that makes it the ideal stock for just about every investor.

Rising interest rates are also good news for the partnership. They indicate that the economic growth has picked up to the point where central banks believe that it needs to be reined in to prevent excessive inflation or speculative activity. Any uptick in economic activity will drive greater demand for Brookfield Infrastructure's assets, allowing it to unlock further value for investors and supporting its targeted 12-15% return on capital as well as 5-9% distribution growth.

### **So what?**

Brookfield Infrastructure's considerable growth in recent years has allowed it to hike its distribution for the last nine years, giving it a tasty 4% yield. Along with the partnership's focus on minimizing tax for unitholders, solid growth, and defensive characteristics, Brookfield Infrastructure is the ideal income growth stock regardless of the economic outlook.

### **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.)

### **PARTNER-FEEDS**

1. Msn
2. Newscred
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