



Altagas Ltd. and Brookfield Infrastructure Partners L.P. Are 2 Top Stocks to Own in 2018

Description

In my view, 2018 will be a year of higher interest rates, [lower consumer spending](#), global investment in infrastructure, and possibly even higher oil and gas prices.

So, to this effect, my top picks for 2018 focus on financials, [infrastructure](#), and energy names.

Here are two more of my picks:

Altagas Ltd. ([TSX:ALA](#))

Altagas shares currently present as a good opportunity for investors that can see beyond the immediate uncertainty. The shares have declined 39% in the last three years and 17% since the beginning of this year. The good part to this is that new investors can get into this stock, which is now trading with a 7.25% dividend yield.

The \$8.4 billion WGL acquisition, which will add additional high-quality assets and give the company a significant footprint in the U.S. and Canada, has left investors with many questions. The approval process is slow and uncertain, the closing date is uncertain, although management expects that final approvals will come in during the first half of 2018, and the implementation of financing is also a big uncertainty.

At the end of the day, however, the deal is accretive to earnings and cash flow and brings with it a plethora of growth opportunities. The company has identified \$5 billion in immediate growth opportunities plus an additional \$2 billion in opportunities through to 2021.

Investors can expect a dividend increase this year, and an 8-10% growth rate in dividends for a payout ratio of between 50% and 60% until 2021. On the earnings conference call, management pointed out that the decision to raise the dividend is not based on the closure of any transaction, but it's a function of financial results and growth of existing operations.

Brookfield Infrastructure Partners L.P. ([TSX:BIP.UN](#))([NYSE:BIP](#))

In terms of future opportunities, the list is long and exciting for Brookfield Infrastructure Partners.

Aging public infrastructure, economic growth in Asia, water scarcity, and unprecedented data usage are big global drivers for the company.

The exponential increases in data usage, for example, will necessitate massive investment in infrastructure such as telecom towers, fibre, and data centres. The company estimates this will potentially be a \$3 trillion market by 2025.

Another example is the upcoming investment in water supply and infrastructure that has to happen moving forward, with developing markets focusing on improving access to clean water and more developed countries focusing on improving drinking water, lessening water discharge, and better wastewater treatment.

And with a current dividend yield of 4%, predictable cash flows, and a good track record of growth in the distribution and in its business, Brookfield and its shareholders are facing a bright future.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:BIP (Brookfield Infrastructure Partners L.P.)
2. TSX:ALA (AltaGas Ltd.)
3. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)

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