



## Which Is the Best Stock for You to Own?

### Description

I thought hard about what I think is [the best stock](#). Maybe from my example, you'll figure out what the best stock for you should be.

The best stock for me would ideally have consistently growing profitability over time. This should lead to long-term price appreciation.

I also prefer owning businesses that share their profitability with me in dividends. With growing profitability, it means that the income I receive from these businesses will also increase over time.

One of the best stocks that fits these criteria is **Brookfield Infrastructure Partners L.P.** ([TSX:BIP.UN](#))([NYSE:BIP](#)).

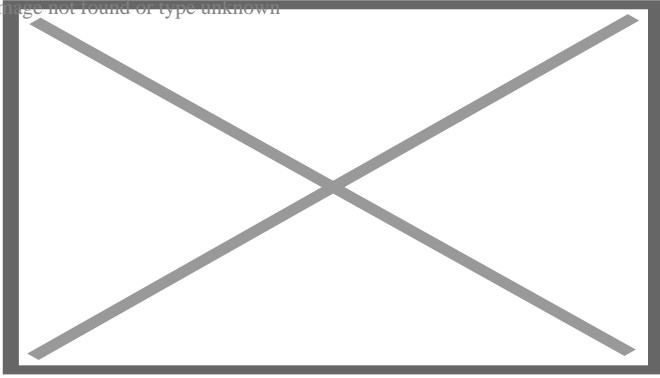
### Growing profitability leads to price appreciation

From 2012 to 2016, Brookfield Infrastructure increased its funds from operations per unit from US\$1.61 to US\$2.72, which equates to an annualized growth rate of 14%. This is an amazing growth rate for a utility.

Not surprisingly, the growing company has been a very good investment. Since 2012, it has appreciated ~223%, which, along with its [decent distribution](#), has delivered a total return of ~278%. This equates to an annualized rate of return of 25.2%! In other words, a \$10,000 investment at the start of 2012 in Brookfield Infrastructure would have grown to ~\$37,850 today.

Notably, the shares have experienced multiple expansions. Its price-to-funds-from-operations ratio has risen from 8.8 to 13.1 since 2012. The market has bid up the shares, as Brookfield Infrastructure has continued to execute its strategy and diversify its portfolio.

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## Growing distribution

Since 2012, Brookfield Infrastructure has increased its distribution per unit from US\$1.00 to US\$1.55, which represents growth of 55% or an impressive rate of nearly 12.6%. Going forward, management has its sight set on growing its distribution by 5-9% per year.

## The business

Brookfield Infrastructure has been building a global portfolio of premier infrastructure assets spanning the sectors of utilities, energy, transport, and communications infrastructure. It now has 35 businesses across five geographies.

Through its quality portfolio, the company aims to generate sustainable and growing distributions over the long term for its unitholders. Since income is one of my goals, I hold the units, despite the stock looking pretty fully valued.

The general partner and manager of Brookfield Infrastructure owns ~30% of the limited partnership. So, the management's interests are aligned with that of the unitholders.

## Investor takeaway

I think Brookfield Infrastructure is one of the best stocks to own for the long term. Its sector is growing, and it generates sustainable, growing cash flows. I'll feel at ease holding the stock, even if the market were to close for 10 years.

Unfortunately, the stock is, at best, fairly valued. The Street consensus from **Thomson Reuters** has a 12-month price target of US\$46.60 per unit for Brookfield Infrastructure, which implies only ~6.5% upside potential for the near term.

Interested investors can scale in to a position over time starting today. If you're looking for a bigger margin of safety, wait for a meaningful dip before buying.

## 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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