



## 1 Top Defensive Dividend-Growth Stock That Belongs in Every Portfolio

### Description

The latest turmoil to hit financial markets has garnered considerable attention from investors as fears of a correction loom. During times of uncertainty, investors should not lose sight of their goals and react to short-term events. It is long-term investing in high-quality, easy-to-understand companies that has produced the best results for most investors.

A stock with a long history of unlocking value for investors, yet remains attractively priced, is **Brookfield Infrastructure Partners L.P.** ([TSX:BIP.UN](#))([NYSE:BIP](#)).

### Now what?

The partnership's history of making accretive acquisitions, unlocking value, and then recycling capital is second to none, and Brookfield Infrastructure's latest results demonstrate this. While 2017 net income was almost a quarter of 2016, funds from operations (FFO) was up by an impressive 24%. The decline in net income was primarily caused by the impact of non-cash movements on foreign currency hedges, while FFO growth was underpinned by the contribution of new investments and 10% company-wide organic growth.

Brookfield Infrastructure continues to maintain solid liquidity with it expected to be US\$3 billion on completion of the sale of its Chilean electricity transmission assets.

That leaves it well positioned to identify further acquisitions, as it focuses on growing its business.

During 2017, Brookfield Infrastructure commenced the US\$350 million purchase of two toll-road systems in India and is waiting for regulatory approval to complete the US\$40 million acquisition of a water-irrigation system in Peru. It has also started the process to acquire a 53% controlling interest in Colombia's second-largest natural gas distribution utility. This will give it a considerable presence in one of the fastest-expanding natural gas markets in South America and exposure to Colombia's improving economic growth, which is causing demand for energy to rise.

Brookfield Infrastructure's growing presence in the utilities business will act as a powerful tailwind because of the global economic recovery that is underway, which is driving greater demand for energy.

These deals will boost the partnership's portfolio and its ability to meet management's projected 12-15% total annual return on invested capital.

Brookfield Infrastructure's freight rail and ports operations in Australia will act as a powerful driver for earnings growth due to [growing demand](#) from China for many of the [commodities produced](#) by Australia, including metals and coal.

Then there is the expanding global infrastructure gap, which is creating further opportunities for Brookfield Infrastructure, as governments, notably those in developing economies, struggle to finance and develop much-needed infrastructure that is critical to economic activity.

### **So what?**

While the partnership's outlook for growth makes it an extremely attractive investment, it is its defensive characteristics, which protect its earnings and shield it from economic downturns, that make it an ideal investment.

Brookfield Infrastructure has a wide, almost insurmountable economic moat because of the steep barriers to entry associated with investing in infrastructure. It also operates in oligopolistic markets, which means it has the opportunity to act as a price maker rather than a price taker, which, along with its assets being integral components in modern economic activity, further protects its earnings.

For these reasons, Brookfield Infrastructure has been able to reward investors by hiking its distribution every year since 2008 to now see it yielding a juicy 4.4%.

Each of these attributes makes Brookfield Infrastructure a must-own stock that has a place in every 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.)

### **PARTNER-FEEDS**

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