



1 Top Dividend Growth Stock Yielding 4% for Every Investor

Description

One of the easiest paths to investing success is to invest for the long-term in high quality stocks with wide economic moats and provide products or services that remain in demand no matter what the state of the economy. A company that stands out for these and many other reasons is **Brookfield Infrastructure Partners L.P.** ([TSX:BIP.UN](#))([NYSE:BIP](#)). The partnership owns and operates a broad range of infrastructure across developed and [emerging economies](#) that are critical to economic activity.

Now what?

Brookfield Infrastructure reported a solid first quarter 2018. Funds from operations shot up by an impressive 28% year over year to US\$33 million, while net income grew a remarkable 13-fold to US\$209 million. A key driver of this stunning improvement lies in the partnership's performance, which can be attributed to Brazilian natural gas transmission utility acquired in 2017.

Other contributors to this improvement include Brookfield Infrastructure's South American toll road business, which benefited from inflationary tariff increases and greater traffic. The partnership's North American natural gas transportation business experienced a 15% expansion in the volumes of gas transported because of new contracts.

Brookfield Infrastructure should continue to experience solid earnings growth because demand for the utilization of its assets will grow at a decent clip. This is especially true for its ports and rail transport operations, which form an integral link for miners seeking to get the metals and other commodities they mine to market.

You see, development as well as [economic growth](#) in China and India is proceeding at a rapid clip. This has caused consumption of metals such as steel, copper, zinc, and nickel to expand significantly. That will in turn lead to greater demand for the utilization of Brookfield Infrastructure's port and rail assets in Australia, which is a major exporter of base metals and coal to those countries.

The partnership also took the opportunity to reload its coffers by selling its 28% interest in Chilean electricity transmission business Transelec for US\$1.3 billion because management believes that capital can earn a higher return elsewhere.

Brookfield Infrastructure is also in the process of expanding its ownership of Colombia's second largest natural gas distribution network, thereby giving it exposure to one of South America's fastest-growing economies, which is experiencing a solid uptick in demand for natural gas.

The current global economic upswing is primarily driven by the U.S. and China and points to further growth for Brookfield. The only risk is that as the U.S. economy expands, the Feds will hike interest rates, making it more costly for Brookfield Infrastructure to access capital.

Nonetheless, much of that risk is offset by the partnership's considerable liquidity. It ended the first quarter with total liquidity of US\$4 billion, which leaves it well positioned to make further opportunistic acquisitions as and when they arise.

So what?

Aside from its solid prospects for growth, Brookfield Infrastructure possesses a wide economic moat, which, along with steep barriers to entry and the oligopolistic nature of the industries in which it operates, protects its earnings and virtually assures their growth. While investors wait for that to translate into a stronger bottom line, they will benefit from Brookfield Infrastructure's regular and sustainable distribution, which is yielding just under 4% at the time of writing. For these reasons, Brookfield Infrastructure, which has hiked that payment for the last 10 years, will likely increase it again during 2018 and beyond.

CATEGORY

1. Dividend Stocks
2. Investing

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