

RRSP Investors: Grow Your Dividend Income With This 4.8%-Yielding Dividend Stock

Description

From utilities to communications to energy, **Brookfield Infrastructure Partners** ([TSX:BIP.UN](#))([NYSE:BIP](#)) owns and operates one of the largest portfolios of globally diversified global infrastructure assets.

Why should RRSP investors care?

Well, Brookfield is in it for the long haul and has provided shareholders with both income and [growth](#).

Since 2009, Brookfield has grown its funds from operations by a compound annual growth rate (CAGR) of 19% and its per-unit distribution by a CAGR of 11%.

So, investors can feel reassured and have confidence in this dividend by looking at this history of strong cash flow growth and [dividend increases](#) and at management's track record and better-than-expected performance.

Management has increased expectations and is targeting 6-9% annual growth in distributions, and all indications point to it coming in at the top end of this range. Management is clearly in it to create dividends for shareholders as well as growth.

This year, growth in cash flow has stalled a bit due to the fact that Brookfield sold its stake in the Chilean power provider Transelec for \$1.6 billion in a decision that was made to free up these funds and redeploy them elsewhere for better returns — as is consistent with Brookfield's strategy.

In 2019, we can expect to see stronger growth in funds from operations, as the recently announced \$1.3 billion in transactions will favourably impact results.

Transactions, such as the purchase of EnerCare and the Canadian gathering and processing assets from **Enbridge**. And there is still another \$400 million of potential additional transactions that may close in the near term, further increasing growth next year.

Here are the more qualitative reasons why RRSP investors would do well adding Brookfield...

First of all, the company's assets are long-life assets that provide essential services — assets such as regulated utilities terminals, energy transmission and distribution, railroads, toll roads, as well as in newer, faster-growing industries, such as communications infrastructure and water infrastructure. And because these assets provide essential services, they bring predictable cash flows and have long-term contracts.

Second, the company is backed by the \$54 billion market capitalization behemoth, **Brookfield Asset Management**, which has a stake in Brookfield Infrastructure's assets and provides management and

administration services for it.

There appears to be no shortage of opportunities, and Brookfield remains ready to pounce, with ample liquidity and the backing of Brookfield Asset Management.

In terms of future opportunities, the list is long and exciting, so RRSP investors can rely on this dividend stock to keep giving.

From different geographies to different industries, the fact is that the much of the growth is coming from new sources: aging public infrastructure, economic growth in Asia, water scarcity, and unprecedented data usage are big drivers.

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.

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