



A Perfect Dividend Stock for Your TFSA That's Selling Absurdly Cheap Now

Description

What kind of stocks make a perfect sense for investors who are using their [Tax-Free Savings Account](#) (TFSA) to build their wealth?

In my opinion, two factors are important when you're picking stocks for your TFSA. First, that business should have a high barrier to entry, making it difficult for competitors to pose any serious challenge.

Second, that business should generate predictable and growing cash flows that should allow it to hike its dividend at regular intervals. In this market, where many players have gotten hurt after the risk aversion in the last quarter, you can find many bargains if your investing horizon is long term.

Here is a great dividend stock that I find worth considering for your TFSA after a big pullback in its value during the past one year.

Brookfield Infrastructure Partners

Toronto-based **Brookfield Infrastructure Partners** ([TSX:BIP.UN](#))([NYSE:BIP](#)) offers a unique opportunity to Canadian investors to diversify their investments by investing in a very strong company.

BIP owns and operates utilities, transport, energy, and communications infrastructure companies globally. BIP manages about US\$30 billion portfolio with assets spanning five continents.

The company manages utilities and power transmission system in North and South America, 37 ports in North America, the U.K, Australia and Europe, approximately 3,800 km of toll roads in South America and India, and large rail operations in Australia and South America.

What makes [BIP a perfect stock](#) for any TFSA is that the company has an enduring competitive advantage. These utilities, power lines, and toll roads require a lot of investment, and not everyone can challenge the company's first-mover advantage.

Another advantage of owning BIP units is that its assets are either regulated or contracted on a long-term basis, which makes for steady and predictable cash flow. That's the reason that BIP has been able to grow its dividend regularly, delivering a handsome return to its investors.

BIP has a stated goal of delivering an annual distribution growth between 5% and 9%. During the past five years, it has exceeded its own target, with a compound annual growth rate of more than 10%.

Why buy BIP stock now?

It's a logical question for any investor.

As I mentioned earlier, the company's shares have been treated unfairly by investors in the general sell-off. Shares are down 15% during the past one year. But that is good news if you have cash and you can afford to own this dividend stock over the long run.

BIP stock now yields more than 5.5% with an annual payout of \$1.88 a share. Trading around \$37 a share, the majority of analysts see this stock going up 25% in the next 12 months. If you were looking to add one solid diversified stock to your TFSA, BIP is certainly one such name you should consider.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
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1. NYSE:BIP (Brookfield Infrastructure Partners L.P.)
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