



A Top Dividend Stock You Can Hold in Your TFSA for Decades

Description

I don't know about you, but I can visualize myself holding this top dividend stock in my TFSA for decades. **Brookfield Infrastructure Partners** ([TSX:BIP.UN](#))([NYSE:BIP](#)) was spun off from **Brookfield Asset Management** in 2008 (so it has actually been in operation for longer than that).

Incredible long-term returns

Brookfield Infrastructure's long-term returns are simply excellent — beating the market and its peer groups.

Here's a table comparing a long-term investment in Brookfield Infrastructure against the North American markets and utility indices in terms of annualized total returns.

<i>As of February 6, 2019</i>	5-year	10-year
NYSE:BIP	15%	17%
TSX:BIP.UN	19%	24%
S&P 500 Index	11%	9%
S&P Utilities Index	11%	6%
S&P/TSX Composite Index	6%	7%
S&P/TSX Capped Utilities Index	7%	8%

Data from Brookfield Infrastructure's investor fact sheet

NYSE:BIP's returns were already wonderful, but TSX:BIP.UN delivered even higher returns thanks to a stronger U.S. dollar against the Canadian dollar. After all, Brookfield Infrastructure pays out a U.S. dollar-denominated cash distribution.

Brookfield Infrastructure expects 12-15% returns on its investments in the foreseeable future. Part of that growth comes from low-risk organic growth opportunities. Currently, it has a backlog of about

US\$800 million of such projects, which is good for the next two to three years.



Globally diversified operations

Brookfield Infrastructure sources opportunities from around the world. It has a proven track record of building a portfolio of quality infrastructure assets from across such sectors as utilities, transport, energy, and data. Recent acquisitions include midstream assets from **Enbridge**, Enercare (that was a public company before), and gas pipelines in India.

The result is a high-margin portfolio that generates very stable and sustainable cash flows. Brookfield Infrastructure enjoys EBITDA margins of more than 50% and about 95% of regulated or contracted cash flow. Additionally, about 75% of its cash flow is indexed to inflation, which helps drive organic growth.

A nice dividend that's set to increase

Growing cash flows allow for [secure dividend growth](#). Brookfield Infrastructure has increased its funds from operations per unit by about 16% per year from 2009 to 2018. Therefore, since 2009, it has been securely increasing its cash distribution per unit by about 11% per year.

As of writing, Brookfield Infrastructure [offers a nice yield](#) of 4.84%. And management is set to grow the dividend by 5-9% per year going forward.

Investor takeaway

If there's only one top dividend stock for me to hold for decades in my TFSA, I'd choose Brookfield Infrastructure in a heartbeat. And I would add to it on dips over time and never sell the shares. After all, a nice chunk of returns come from its dividend. And you've got to hold shares to receive the regular dividend income stream.

As of writing, Brookfield Infrastructure is estimated to deliver long-term returns of about 10-14%, which is very good for a low-risk top dividend-growth stock.

CATEGORY

1. Dividend Stocks

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1. NYSE:BIP (Brookfield Infrastructure Partners L.P.)
2. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)

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Author

kayng

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