



3 Reasons to Buy Brookfield Infrastructure (TSX:BIP.UN) Stock This Week

Description

Brookfield Infrastructure Partners L.P. ([TSX:BIP.UN](#))([NYSE:BIP](#)) stock has been a winning bet for years. Over the last decade, shares have risen by more than 400%.

Following this impressive rise, why should new investors jump in? Here are three reasons why now is the time to buy Brookfield stock.

It's too quiet

Over the last 12 months, Brookfield stock has lagged the market. This is an anomaly.

On a five-year basis, Brookfield stock has returned 20% annually. Over the same period, the **S&P 500** has only generated 10% annual returns.

On a 10-year basis, Brookfield is even more impressive, posting a 25% annual returns. S&P 500 returns were only half that.

There's good reason to believe the company will break out again.

Brookfield buys, develops, and sells infrastructure projects like transmission lines and roadways. When prices are advantageous, purchases pick up. When prices rise, management typically monetizes its asset base. That's a great way to create shareholder wealth.

Currently, the company considers itself in the monetization of its "capital recycling process." For example, it recently completed the sale of its Chilean toll road business for \$365 million while agreeing to sell its European bulk port interests for \$130 million.

Selling high doesn't garner as much excitement as buying low, but Brookfield's management team has proven savvy at playing market forces. When opportune deals present themselves, expect Brookfield to make a lot of noise with its new capital stash.

Play the downturn

Speaking of opportune deals, Brookfield is especially well positioned to capitalize during any potential bear market.

Many of the company's assets are recession-resistant. Utilities, energy, roads, and water projects aren't able to be ditched easily during times of turmoil, which gives Brookfield plenty of fresh cash each quarter to reinvest in new projects. That's a boon if selling prices are falling.

Many companies only play the long game, buying up permanent assets. Because Brookfield is both and active buyer and seller, it can take advantage of any market conditions.

If a bear market hits, management has the capital, appetite, and experience necessary to secure once-in-a-lifetime deals.

It's *always* a good time

Because Brookfield focuses on infrastructure projects that benefit from multi-decade trends, it's hardly ever a bad time to buy shares. Even if you purchase when shares are a bit pricey, it likely won't be a big factor 10 or 20 years down the road.

Today, management sees huge [opportunities](#) worldwide.

In India, increasing privatizations and rising gas demand should fuel deal flow for years to come. Ditto Mexico, where existing infrastructure is unable to meet rapidly growing need. Even Australia needs massive investments in LNG to meet market demand.

Whether you buy now or after a market correction, Brookfield won't run out of value-creation initiatives during your lifetime.

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Date

2025/08/24

Date Created

2019/06/07

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