



1 of the Best Buy-and-Hold Forever Dividend Stocks

Description

Here's what makes **Brookfield Infrastructure Partners** ([TSX:BIP.UN](#))([NYSE:BIP](#)) one of the best [buy-and-hold-forever dividend stocks](#). It's a quality company, it offers a high yield and market-beating returns, and it has growth catalysts.

Quality company

BIP owns and operates critical and diverse infrastructure networks in utilities, transport, energy, and data infrastructure sectors. For example, it has about 2,200 km of electricity transmission lines, about 2,000 km of regulated natural gas pipeline, and approximately 1.2 million smart metres installed. It also has about 10,300 km of rail operations, roughly 4,200 km of toll roads, and 37 ports.

Its portfolio of long-life, high-quality assets generate growing cash flows with a high EBITDA margin of more than 50%. It's not surprising that the company has been increasing its dividend at a compound annual growth rate of 10% since inception. Moreover, BIP maintains an S&P credit rating of BBB+.

High yield and market-beating returns

Currently, the stock offers a high yield of 4.6%, which is 65% greater than what the Canadian market offers. Because of the nature of BIP's business, its yield will always be higher than the market's.

Furthermore, BIP has delivered market- and sector-beating returns in the long run, which makes it all the more remarkable and is a valid reason to buy and hold the stock forever.

Going forward, BIP aims to increase its cash distribution by 5-9% per year. This is achievable with the growth catalysts that are in place.



Growth catalysts

Both developed and emerging markets around the world are looking for capital to fund the investment of infrastructure assets, because governments have severe budget deficits. As a global infrastructure company, BIP can help fill that funding gap, wherever markets are most stressed for capital! It's estimated that there's \$69 trillion of global infrastructure investments needed by 2035.

Other than being in a growing sector, BIP also grows organically. For example, about 75% of its cash flows are indexed to inflation.

Since BIP is a value investor, it aims to buy assets when they're selling for less than what they're worth. Likewise, it will sell mature assets to reinvest into higher-growth opportunities. This is an ongoing process for BIP. Early this year, it sold a 33% stake in a Chilean toll road asset, and it plans to sell another \$1.5-\$2 billion of assets to book profits.

Foolish takeaway

Because Brookfield Infrastructure is [a quality dividend-growth company](#) that employs a value-investing and capital-recycling approach, investors can aim to buy the stock when it's trading at a good valuation and simply hold forever.

Currently, BIP stock is fairly valued and offers a nice starting yield of 4.6%. Interested investors can buy some shares now and buy more whenever the quality stock experiences meaningful dips.

CATEGORY

1. Dividend Stocks
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