My Top 2 Stocks for Infrastructure Growth This Fall

Description

A second rate cut by the Fed, extreme oil volatility, rising gold prices — the signs aren't looking good for the global economy right now, so it's no wonder that dividend investors are seeking safe stocks to invest in. While precious metals and apartment REITs jostle for attention with the usual mix of consumer staples and utilities, two infrastructure-related companies could add not just stability but also growth to an income portfolio.

GFL Environmental

It hasn't debuted yet, but when it does GFL is likely to prove popular with infrastructure investors. Active in waste management, pollution remediation, and certain aspects of construction, GFL is the fourth-largest waste management company of its kind in North America and is expected to begin trading on the TSX this fall.

Having filed for a conservative $100 million IPO, GFL is clearly confident about growth, continuing to barrel along in acquisitions mode with the recent consolidation of the **Windsor Disposal Services** group (WDS). GFL's CEO, Patrick Dovigi, said, "The acquisition of WDS extends GFL's footprint in the Windsor region and complements our existing capabilities in southwestern Ontario."

CN Rail

The go-to stock for infrastructure bulls and transport fans, **CN Rail** (TSX:CNR)(NYSE:CNI) nevertheless saw some losses this past week, as investors took fright and moved into gold and pure-play oil stocks. However, CN Rail is powerfully defensive as an integral part of the Canadian economy and also offers oil fans a low-risk way to play the oil space thanks to the crude-by-rail initiative — a system of fuel transport increasingly backed by shippers in the oil patch.

A slightly higher dividend yield of 1.9% is on offer at the moment thanks to the slight value opportunity opened by this week's negative overall trading result, though strict value investors may eye a P/B ratio of almost five times book as being a little high for a Canadian transport investment (the average being

3.6 times total asset value).

Still, with some room left for growth and a balance sheet kept healthy by solid cash flows, CN Rail is one of the safest bets around for passive income. A true Dividend Aristocrat, the rail operator is a solid wide-moat play with ties to the entire economy and an oil transport system that is fast becoming serious competition for the midstream pipeline network operators.

While that yield is a little on the low side, it nevertheless represents one of the most diversified investments on the TSX. CN Rail also announced recently that it had again been awarded a place on the Dow Jones Sustainability World Index (DJSI), meaning that the stock is a good fit for investors concerned about long-term economic, environmental, and social issues.

The bottom line

The problem is that a falling market is a bit like the collapsing house in a Buster Keaton movie — it's hard to tell where to stand so that the open window happens to save your skin. Both CN Rail and GFL resemble those lucky open windows, with enough market share and defensive revenue from diversified business operations to keep an investor relatively unscathed should a disruptive correction occur.

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Author
vhetherington