



## Buy Brookfield Infrastructure (TSX:BIP.UN) to Build Wealth for 2020 and Beyond!

### Description

Are you seeking a stock with low volatility, reliable earnings, solid growth potential, a strong history of delivering value for investors, and a sustainable, regularly growing distribution yielding over 4%? Look no further than **Brookfield Infrastructure Partners** ([TSX:BIP.UN](#)) ([NYSE:BIP](#)), which owns a [globally diversified](#) portfolio of infrastructure assets that are critical to economic activity.

### Diversified portfolio of hard assets

Brookfield Infrastructure's assets span utilities, transport, energy, and data infrastructure located in a range of developed as well as emerging markets in North and South America, Western Europe, Asia, and Australia. Over the last 10 years, the partnership has returned, on average, including distributions taken as cash, around 21% annually for Canadian investors, which is significantly higher than many other blue-chip, income-paying stocks.

The nature of Brookfield Infrastructure's assets and business, which includes 95% of its revenue coming from regulated or contracted sources, means that its earnings are dependable, supporting the sustainability of its distribution. It also has a low degree of volatility, as illustrated by its beta of 0.69, which is lower than many other dividend-paying stocks and means that its degree of volatility is significantly lower than the overall market. That is an important characteristic, because it means that Brookfield Infrastructure retains its value, even if there is a market downturn or economic slump.

This can be attributed to the critical role of the partnership's assets in facilitating economic activity, to the regulated nature of those assets, to the fact that it operates in oligopolistic markets, and to growing demand for infrastructure. Those factors combined with steep barriers to entry, including the need for large amounts of capital and significant regulatory barriers, protect Brookfield Infrastructure from competition, enhancing its growth prospects. The growing global infrastructure gap, with a US\$15 trillion investment shortfall, will ensure that demand for the utilization of Brookfield Infrastructure's asset remains strong and will drive higher earnings.

Then there is the Fed's latest rate cut which has reduced the cost of debt, which will lead to lower financing costs for the partnership. Brookfield Infrastructure also maintains a solid balance sheet,

which, with US\$2.7 billion of liquidity and up to US\$1.5 billion of asset sales underway, endows it with considerable financial flexibility, allowing it to support its operations and make opportunistic acquisitions as and when they arise.

Recently completed deals, including a US\$200 million investment in Vodafone New Zealand, the US\$5 billion take private purchase of North America's largest short haul rail operator Genesee & Wyoming, and a US\$150 million investment in two natural gas pipelines in Mexico, will ensure that earnings keep growing at a solid clip.

That will give Brookfield infrastructure's stock a healthy lift while supporting the planned 5-9% annual growth of its distribution, which, after being hiked for the last 11 years straight, yields a juicy 4%. This payment is sustainable when it is considered that it represents around 74% of funds from operations (FFO).

By using Brookfield Infrastructure's distribution-reinvestment plan, investors can use distribution payments to acquire additional units at no costs, allowing them to access the power of compounding and boost their returns. The advantage that this offers becomes clear when it is considered that \$10,000 invested for five years would be worth \$27,227 if all distributions had been reinvested compared to \$25,353 had they been taken as cash.

By reinvesting the distributions, an investor would have earned an annualized return of 22.18% over that period. While there is no guarantee that future returns will match past returns, this indicates that Brookfield Infrastructure is unlocking considerable value for unitholders.

## Foolish takeaway

Brookfield Infrastructure is a top long-term [growth play](#), offering a combination of globally diversified hard assets, low volatility, virtually guaranteed earnings, strong growth prospects, and a solid balance sheet, making it a must-own stock. When that is considered along with its sustainable, steadily growing distribution yielding just over 4%, it becomes clear that the partnership should be a core holding in every portfolio.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

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

### PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

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