



## Become a TFSA Millionaire Despite a Looming Recession

### Description

Weaker-than-anticipated global growth and fears of a [worldwide recession](#) have triggered considerable market volatility, causing many investors to flee for the exits. While it is certainly prudent to pay attention to the short- to medium-term outlook for stocks, the growing negative news shouldn't deter investors from remaining in the market. One top stock that has proven to be recession resistant and has delivered considerable value for investors over the last decade is **Brookfield Infrastructure Partners** ([TSX:BIP.UN](#))([NYSE:BIP](#)). The listed infrastructure giant has a long history of delivering value for investors, even during economic downturns and market corrections.

### Strong long-term returns

Over the last decade, Brookfield Infrastructure has generated a total return of 573% if distributions are included, and that rockets up to 761% if those distributions were used to buy additional units of the partnership. While past returns are certainly no guarantee of future performance, there is every indication that Brookfield Infrastructure will unlock further value for investors for the foreseeable future, making it the ideal buy-and-hold investment to create wealth. Brookfield Infrastructure has delivered a compound annual growth rate (CAGR) of 18% for funds from operations between 2009 and 2018. There is every indication that this solid rate of growth will continue and that it can achieve its targeted 5-9% distribution growth.

The secret to Brookfield Infrastructure's success is relatively simple. It recycles mature businesses and uses the capital raised along with funding from external partners, including its parent **Brookfield Asset Management**, to make opportunistic acquisitions of attractively valued assets. Most of the infrastructure owned by Brookfield Infrastructure, such as ports, toll roads, railways, and energy utilities, fulfill a critical role in facilitating modern economic activity, meaning that demand for its use is relatively inelastic.

That, along with 95% of its earnings coming from regulated or contracted sources, means earnings are virtually guaranteed, making Brookfield Infrastructure relatively immune to economic downturns and market slumps. This is enhanced by steep barriers to entry and the fact that most of Brookfield

Infrastructure's assets operate in oligopolistic markets, protecting it from competition while allowing the partnership to act as a price maker.

Brookfield Infrastructure continues to build its portfolio, which will further boost earnings. It has committed US\$650 million to acquire a North American rail business, invested US\$200 million in a New Zealand data distribution operation, and agreed to acquire 130,000 telecommunications towers in India for US\$400 million.

## Foolish takeaway

What better vehicle is there to use when seeking to create wealth and achieve financial independence than a Tax-Free Savings Account (TFSA)? Taxes have long been recognized as one of the greatest threats to building wealth. The tax-free status of dividends, capital gains, and interest payments for any investment inside a TFSA means that investors can avoid the corrosive impact that taxes have on investment returns.

If you were to invest the 2019 TFSA maximum contribution of \$6,000 in Brookfield Infrastructure, add \$6,000 annually, and reinvest all distributions, you could amass \$1 million in less than 16 years. That is an impressive amount of wealth generated in a relatively short amount of time, which will give you a significant degree of financial independence. This underscores how essential it is to start building wealth now using high-quality long-term [buy-and-hold](#) stocks like Brookfield Infrastructure.

### CATEGORY

1. 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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