



## This Is the Top REIT That TFSA Investors Should Buy for 2020

### Description

We are all looking for the best way to increase our income without having to give more money to the taxman. Sometimes, we have to get creative to achieve this goal, but with the TFSA, it is very simple. The TFSA offers investors a very simple way to generate tax-free income. The only thing we have to be careful about is to remain within the contribution limits.

Today, the cumulative contribution limit for the TFSA is a generous \$63,500. In 2020, we will have an additional \$6,000 of contribution room, which will bring the grand total to \$69,500. Let's assume for a minute that in 2020 we invest this full amount in **Brookfield Infrastructure Partners** ([TSX:BIP.UN](#))([NYSE:BIP](#)), which is a top-quality REIT that is currently yielding 3.86%. This would equate to roughly \$2,682 in tax-free income for the year, or roughly \$224 per month.

While this is not a "blow-the-lights-out" yield, it is a reliable one with minimal risks, and that counts for a lot, especially in the precarious environment we are in today. So, if you are looking for [reliable, dividend-paying investments for your TFSA](#), consider Brookfield Infrastructure Partners for the following reasons:

### It acquires long-life, high-quality assets at attractive valuations

Brookfield is one of the largest owners and operators of critical and diverse global infrastructure networks. These networks deliver some of the necessities of life to society, such as energy, water, freight, and data. It is important to highlight that not only is Brookfield the owner of a multitude of high-quality assets, but it's also the operator. It is through management's expertise in the sectors in which it operates that Brookfield has been able to extract value from the many acquisitions that it has made.

Recent transactions include data infrastructure transactions in India and New Zealand. In India, Brookfield acquired a stake in an Indian telecom tower portfolio, which provides critical infrastructure for data. In New Zealand, Brookfield acquired a leading nationwide wireless and fibre network infrastructure business. These acquisitions represent Brookfield's push into the high-growth data infrastructure business, which is a growth area of the future. Data now represents approximately 13%

of funds from operations as of the last quarter.

## Predictability of cash flows and distributions

We have already gone over the fact that Brookfield [derives its cash flows from essential businesses that are highly predictable](#). This is because they are essential services, but also because these cash flows are backed by long-term contracts and regulatory frameworks. Brookfield's acquisition strategy and entrance into new growth markets has meant that these cash flows have not only been predictable, but they have also grown at very attractive rates.

As an illustration of this, we can look at the fact that since 2014, Brookfield has grown its funds from operations at a compound annual growth rate (CAGR) of 15% and its distributions at a CAGR of 14%. Management has recently increased expectations, and they are now targeting 6-9% annual growth in distributions. All indications point to them coming in at the top end of this range.

## Foolish bottom line

Brookfield Infrastructure Partners has many qualities that make this REIT a solid addition to your TFSA in 2020 for tax-free income. It is a REIT that offers reliability, predictability, and increasingly, growth, due to continued investment in data infrastructure assets.

### 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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