



A Top Canadian Dividend Stock to Buy in 2020

Description

If you're planning to build a reliable investment portfolio for your retirement, one proven strategy that financial advisers recommend is to diversify your holdings. Diversification allows to reduce your risks as you invest in assets, which provide a hedge when [markets experience a downturn](#).

If you're an investor in stocks, following a diversification strategy means buying top stocks in global markets and having exposure to different sectors of the economy.

Keeping this theme in mind, I would like to recommend the Toronto-based **Brookfield Infrastructure Partners L.P.** ([TSX:BIP.UN](#))([NYSE:BIP](#)), due to the company's very diversified operations.

BIP owns and operates utilities, transport, energy, and communications infrastructure companies globally. BIP manages about US\$30 billion portfolio with assets spanning five continents.

The company manages utilities and power transmission system in North and South America, 37 ports in North America, the U.K, Australia and Europe, approximately 3,800 kilometres of toll roads in South America and India, and large rail operations in Australia and South America.

BIP is expanding fast

In a deal announced last month, Brookfield Infrastructure said it was buying **Cincinnati Bell Inc.**, one of the original U.S. Bell telephone companies for US\$550 million to add to its data-infrastructure portfolio.

The acquisition, according to Brookfield chief executive Sam Pollock, will provide "strong utility-like cash flows with predictable growth." Brookfield's data infrastructure segment includes telecommunications, fibre and data-storage businesses across the globe.

At the end of 2018, it included approximately 7,000 multipurpose towers and active rooftop sites; 5,500 kilometres of fibre backbone located in France and 33 data centres totalling about 1.3 million square feet.

In an another deal announced last year, Brookfield bought **Genesee & Wyoming Inc.** through a consortium for about US\$6.3 billion, expanding its global portfolio of rail companies.

BIP has growth momentum

With all these acquisitions in the infrastructure space, the company's main objective is to generate a long-term return of 12 -15% on equity and provide sustainable distributions for investors while targeting annual distribution growth of 5-9%.

According to Brookfield, its strategy is to acquire high-quality businesses on a value basis, actively manage operations and opportunistically sell assets to reinvest capital into the business.

Looking at the Brookfield stock's performance during the past five years, it's obvious that the company has been quite successful in achieving its goals. BIP stock has almost doubled in value during that time, massively beating the benchmark **S&P/TSX Composite Index**.

Trading at \$68.91 and with an annual dividend yield of about 4%, the stock doesn't come cheap, but it's one of the top dividend stocks retirees should consider adding to their portfolio.

Bottom line

With its diversified assets and strong dividend growth, [BIP is a top stock](#) to buy. After more than 35% surge in the past one year, it may not be the perfect time to buy this stock. That said, the stock still yields attractively for long-term investors and could produce further growth in 2020.

CATEGORY

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