



1 Top Market-Beating Stock Every Investor Should Own

Description

An important element of stock investing is to identify those stocks that are consistently beating the broader market. One such stock that significantly outperformed the **S&P/TSX Composite Index** and its 19% gain in 2019 was **Brookfield Infrastructure Partners** ([TSX:BIP.UN](#))([NYSE:BIP](#)), which soared by 36% — almost double the **TSX**. That solid return came on top of Brookfield Infrastructure reporting some solid results over the course of the year.

Solid performance

For the full year 2019, the partnership reported that funds from operations (FFO) per unit had grown by 5% year over year to US\$0.86, while adjusted FFO (AFFO) grew by a stunning 12% to just over US\$1 billion.

That was driven by a combination of organic growth and acquisitions, including two North American natural gas pipelines, a natural gas pipeline in India and the purchase of North America's largest short haul rail operator. As those deals are bedded down and synergies unlocked, they will boost Brookfield Infrastructure's earnings.

The partnership is also in the process of securing the needle moving US\$2.6 billion acquisition of **Cincinnati Bell**, which comes on the back of a US\$3.7 billion deal to acquire 130,000 telecommunications towers in India.

That will see the partnership become a leading U.S. telecommunications company with a large fibre optic cable network which, because of the growing demand for digital entertainment and data is witnessing solid growth.

Brookfield Infrastructure is also exercising its option to acquire the outstanding 50% of a Brazilian electricity transmission business, which will eventually take its ownership to 100%.

The partnership finished 2019 with considerable liquidity of US\$3 billion, which can be used to fund further internal growth initiatives and opportunistic accretive acquisitions during 2020.

Brookfield Infrastructure is on track to raise up to US\$2 billion from its capital recycling program, where it sells mature assets at a profit and uses the funds to acquire undervalued facilities that can be restructure and made more profitable.

Those factors will ensure that Brookfield Infrastructure's earnings continue to grow at a solid clip, allowing it to reward unitholders with further distribution hikes and achieve the planned 5% to 9% annual increase of that payment.

In fact, the partnership has hiked its distribution for the last 12 years straight to be yielding a juicy 3.6%. Brookfield Infrastructure offers a distribution reinvestment plan (DRIP) though which unitholders can use their distribution payments to acquire additional units at no cost, allowing them to unlock the power of compounding.

Brookfield Infrastructure also possesses solid defensive characteristics and a wide economy moat because it owns a portfolio of infrastructure that's crucial to economic activity, making demand for its use inelastic.

It operates amid highly regulated oligopolistic markets, meaning that to a certain extent, it can be a price *maker* rather than price *taker*, further protecting Brookfield Infrastructure's earnings and ability to grow its income.

These characteristics have made it one of the best-performing market beating stocks on the **TSX** over the last decade. Brookfield Infrastructure has gained 509% over the last decade compared to the **S&P/TSX Composite Index** rising by a mere 47%.

In fact, had you invested \$10,000 in Brookfield Infrastructure 10 years ago and reinvested all the distributions paid, it would now be worth a stunning \$78,190. That equates to a compound annual growth rate (CAGR) of 23%, well in excess of many other Canadian stocks including the Big Five banks.

Foolish takeaway

Brookfield Infrastructure remains an impressive investment that not only possesses solid growth prospects, but also has notable defensive characteristics, rendering it the ideal stock through which to [build wealth](#) and weather an [economic downturn](#).

There is every indication that Brookfield Infrastructure's earnings and ultimately stock will continue to grow at a solid clip, making now the time to buy.

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.)

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