



This Dividend Stock Is Ready for an Uncertain World

Description

The world is growing in uncertainty. Trade wars, climate change, and the coronavirus are reducing our visibility of the future. This week, several market indexes entered correction territory.

If markets continue to slide, as many prognosticators believe, the impact to your portfolio could be detrimental. If you're young, you could lose years of compounding. If you're retired or are approaching retirement, your nest egg that you worked so hard to accrue could be worth *half* of what you expected.

The market is nervous, but you don't have to be. Some stocks have business models that are [specifically built](#) for an uncertain world. In fact, there are some companies that could actually benefit from a downturn.

Play the long game

What's the best way to take advantage of an uncertain world? Play the long game. That's exactly what **Brookfield Infrastructure Partners L.P.** ([TSX:BIP.UN](#))([NYSE:BIP](#)) is doing.

The global population 100 years ago was roughly 1.7 billion people. Today, it's 7.8 billion people. By 2100, the United Nations projects it will surpass 10 billion people.

Any way you slice it, population growth is a good trend to bet on. It has been for decades. The future will be no different.

Brookfield Infrastructure was created specifically to take advantage of this phenomenon. The company owns a wide variety of infrastructure projects that directly benefit from rising populations. From highways and railroads to energy facilities and ports, any asset is in play.

Thus far, the company has been very successful, with the stock increasing by 170% since 2013. That return isn't even factoring in dividend income, which has a current yield of 2.7%.

It gets better

Brookfield owns assets that should experience increased demand for another 80 years or more, but that doesn't mean the ride is always smooth. As with any other asset class, infrastructure projects experience cyclicity. For Brookfield, that's actually an opportunity.

When it comes to large-scale infrastructure projects, the market is fairly inefficient. It's not always easy to line-up a multi-billion buyer, especially one willing to go into emerging markets. Some deals get extra complicated, as they're the result of government privatization efforts or insolvency. Brookfield's strategy is specifically designed to take advantage of these situations.

For example, Brookfield recently sold four mature assets in the transport, energy, and utility sectors. The total selling price was around \$1 billion, 2.5 times what the company originally paid, representing a 17% annual return on investment. The company now has \$3 billion in liquidity which it can deploy into new projects.

The recent coronavirus may be a huge buying opportunity for Brookfield. Especially in Asia, capital investment is declining, and many competitors are hesitant to jump in. It's clearly a buyer's market. With its long-term investing horizon, Brookfield can scoop up the deals of the decade, without stressing over near-term hurdles.

Brookfield is one of the only active buyers and sellers in the space, and its niche position has resulted in market-leading returns for investors. Rising populations give its assets a huge tailwind for growth, while any temporary downturns provide a chance for Brookfield to snap up limited-time bargains. It's truly a win-win.

CATEGORY

1. Dividend Stocks
2. Investing

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Date

2025/08/16

Date Created

2020/03/02

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