



TFSA Investors: Profit From the Market Crash and Buy This Stock Yielding 4% Today

Description

The latest market crash has created an opportunity to acquire quality dividend paying stocks with solid long-term growth prospect at very attractive valuations. The best businesses to buy are those with wide economic moats, solid balance sheets, strong growth prospects and a history of paying steadily growing dividends.

One which stands out as a top buy during the latest bout of market turmoil is **Brookfield Infrastructure Partners** ([TSX:BIP.UN](#))([NYSE:BIP](#)). The partnership appears attractively valued after losing 3% over the last month, making now the time to buy and add it to your Tax-Free Savings Account (TFSA).

Why use a TFSA?

A TFSA is an ideal vehicle to hold long-term investments because of its [tax-sheltered](#) status. Essentially, all capital gains and dividends received in a TFSA are tax free for the life of investment and also even after the investment is withdrawn.

This makes TFSAs the ideal long-term investment vehicle, as they remove the corrosive impact of taxes on investment returns, accelerating the pace at which wealth is created.

Brookfield Infrastructure is a top stock to create wealth because it pays a regular distribution that it's hiked for the last 12 years straight to be yielding a juicy 4%.

Unitholders can unlock the magic of compounding on a cost-effective basis because Brookfield Infrastructure offers a distribution reinvestment plan (DRIP).

This allows them to use their quarterly distributions to buy additional units without incurring any transaction costs, further enhancing investment returns.

Solid outlook and performance

Brookfield Infrastructure has performed spectacularly over the last decade. The partnership has delivered 807% over that period, if distributions were reinvested, which equates to an incredible compound annual growth rate (CAGR) of 25%. Even if distributions weren't reinvested, Brookfield Infrastructure's CAGR over the last 10 years was 22%.

While past performance is no guarantee of future returns, there is every indication that Brookfield Infrastructure will continue to deliver [solid value](#).

It has embarked on a variety of growth initiatives, including the planned needle moving US\$2.6 billion purchase of telecommunications company **Cincinnati Bell**. There is also the acquisition of 130,000 telecommunications towers in India, the world's fastest growing major economy, in a US\$3.7 billion deal.

Brookfield Infrastructure's growth will be supported by its capital recycling strategy, where it sells mature businesses using the proceeds to make opportunistic and accretive acquisitions.

It also possesses considerable liquidity, finishing 2019 with US\$3 billion, endowing it with substantial flexibility and the ability to keep making asset purchases. The ever-expanding global infrastructure gap will serve as a powerful long-term tailwind.

For these reasons, Brookfield Infrastructure will continue to experience solid growth and the current slump has created an opportunity for management to consider more deals.

The current market crash coupled with rising fears of a global economic downturn, makes Brookfield Infrastructure an ideal stock to hold in any portfolio.

This is because of its robust defensive credentials, including a wide economic moat, the fact that it operates in heavily regulated oligopolistic markets with steep barriers to entry and demand for many of its assets is relatively inelastic.

Brookfield Infrastructure's earnings are highly dependable because 95% of its revenue comes from contracted or regulated sources. Most of those agreements are inflation linked, meaning that earnings will grow and keep pace with inflation.

Foolish takeaway

Brookfield Infrastructure is a top stock to own during a market crash. Its combination of solid defensive attributes coupled with robust growth makes it an ideal hedge against global economic uncertainty.

That appeal is enhanced by Brookfield Infrastructure's sustainable quarterly distribution yielding a juicy 4% and its DRIP, allowing you to access the power of compounding without incurring any transaction costs.

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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