



Ignore the 2020 Market Crash and Buy This Top Stock Yielding 5.9% Today

Description

Fear has a firm grip on global stock markets as the coronavirus pandemic continues to spread. The **Dow Jones Industrial Average** suffered its largest decline in day on Monday and is down 29% for the year to date. The **TSX** has followed suit to see the **S&P/TSX Composite** drop 31% as the oil rout and increasingly poor outlook for commodities weighs heavily on the resource laden index.

While the short-term outlook is [impossible to predict](#), one thing we do know is that over the long term, stocks will not only recover, but will also deliver solid returns. A range of crises have failed to stop the TSX on its relentless march upwards.

Over the last two decades to the end of 2019, the index gained 103%, and even after the latest market rout, it's still up by 42% compared to the end of 1999. That's because regardless of the wide variety of economic and geopolitical crises emerging over the last 20 years, the economy continues to grow.

Between the end of 1999 and 2019, Canada's gross domestic product (GDP) expanded by a whopping 158% to an estimated US\$1,741 billion, thus highlighting why investing for the long term in stocks with wide economic moats and solid underlying fundamentals is one of the surest methods when it comes to achieving investing success.

The latest market rout sees many quality stocks trading at attractive valuations. One that stands out is **Brookfield Infrastructure Partners** ([TSX:BIP.UN](#))([NYSE:BIP](#)). Brookfield has lost a whopping 25% since the start of 2020 to be trading at levels not witnessed since 2018, which makes now the time to acquire Brookfield Infrastructure.

Robust fundamentals

The company not only boasts strong growth potential and pays a distribution yielding 5.9%, but also possesses solid defensive characteristics, making it an ideal stock to own during times of crisis. Brookfield Infrastructure's earnings are essentially guaranteed because of inelastic demand for much of the infrastructure it owns, which is critical to economic activity.

Brookfield Infrastructure also operates in heavily regulated markets with steep barriers to entry with oligopolistic characteristics, meaning that it can be a price maker rather than price taker. Those characteristics also endow Brookfield Infrastructure with a wide almost insurmountable economic moat, further protecting its earnings.

The security of Brookfield Infrastructure's earnings is further enhanced by 95% of its EBITDA coming from contracted or regulated sources. Many of those agreements, amounting to 75%, are indexed to inflation thereby supporting further earnings growth even if the economy is flat.

Strong growth ahead

Once coronavirus fears wain and society returns to normal Brookfield Infrastructure's [earnings will expand](#) at a solid clip. The partnership announced a series of acquisitions over the last year, including the purchase of a portfolio of Indian telecom towers, U.S. telecommunications company **Cincinnati Bell** and a U.K. wireless infrastructure company with 2,000 operating towers and antenna systems. As a result, earnings will expand at a steady clip as the deals are completed and bedded down.

This positions Brookfield Infrastructure to become a leading global provider of wireless telecommunications infrastructure in a rapidly expanding industry.

The explosion in the demand for high speed internet and data, particularly for wireless devices will ensure that the use of those assets is high, further bolstering earnings.

This will support Brookfield Infrastructure's plans to grow its earnings to so that it can grow the distribution by 5% to 9% annually.

Foolish takeaway

Brookfield Infrastructure's stock will rebound strongly once coronavirus fears subside and the full fallout for the economy has been realized.

Patient investors will be rewarded by its regular distribution, which is yielding a very tasty 5.9% while they wait for that to occur.

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

Category

1. Dividend Stocks
2. Investing

Date

2025/07/02

Date Created

2020/03/19

Author

mattsmith

default watermark

default watermark