My Top Stock Pick During the Coronavirus Crash

Description

The coronavirus crash came suddenly. Even blue-chip stocks have seen their shares pummelled, and few companies have come out of the turmoil unscathed.

If you're looking to buy, this is a huge opportunity. There will be plenty of bounce-back candidates, but your best bet is to lock-in bargain prices for stocks that can generate wealth for a decade or more.

If you want to capitalize on the downturn, look no further than **Brookfield Infrastructure Partners L.P.** (TSX:BIP.UN)(NYSE:BIP). This is my favourite stock amid the coronavirus crash.

This stock is special

Brookfield is a unique stock — one that's focusing on a growth opportunity that should persist for another 80 years or more: population growth.

In 1900, there were roughly 1.5 billion people on the planet. By 1950, the population had increased to 2.5 billion. In 2000, it surpassed 6 billion. Today, the number is approaching 8 billion. The United Nations expects that global populations will continue to increase until *at least* 2100.

Rising populations create more demand for infrastructure, which is why Brookfield owns infrastructure assets like energy facilities, railroads, and data transmission networks. As long as populations keep rising, the value of these assets should increase.

Brookfield is an ideal stock to buy during the coronavirus crash because it's capitalizing on an opportunity that will far outlive the recent bear market. In two decades, this downturn will have become a historical event. Global population growth, meanwhile, will continue.

There's another secret weapon that Brookfield has that can create wealth during a downturn. Unlike utilities, railroads, or internet companies that own a portfolio of assets for decades at a time, Brookfield is an active buyer and seller.

Because there isn't a liquid market for multi-billion dollar infrastructure assets, the ability to buy and sell at-will is a huge advantage.

Before the coronavirus crash hit, Brookfield sold four mature assets, including a Chilean toll road, ports in Europe, a Colombian regulated utility, and an Australian energy business. In total, these assets fetched $1 billion, delivering a 17% annual return on investment.

Cash is king during a bear market. Including the sale proceeds above, Brookfield now has $3 billion in liquidity, with no significant debt maturities in next five years. Expect the company to go from buyer to seller now that asset prices are in free fall. This can lock-in bargain prices for prized assets that should generate double-digit returns for years to come.

The coronavirus crash will end

As with any downturn, the coronavirus crash will eventually end.

If markets rebound tomorrow, Brookfield can go back to business as usual. Investors willing to take the plunge today can secure a 40% discount on shares.

But what if the downturn continues? On several factors, Brookfield should grow even stronger. Large infrastructure assets already don't fetch a ton of buyers, which is a big reason why Brookfield has been successful over the years.

In a prolonged bear market, the number of bidders collapses even further. With ample liquidity and a long-term mindset, Brookfield can get the deals of the century.

The pullback has pushed Brookfield's dividend yield up to 8%. Whether markets return to normal tomorrow or next year, that payout should keep you satisfied as the company positions its portfolio for the decade to come.

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Investing

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