



This High-Yield Stock Just Got Even More Compelling

Description

Brookfield Asset Management has been a great investment over the years. It's been a great capital allocator with fantastic underlying assets. The yield has been relatively low, though. As a result, income-focused investors have often leaned towards owning subsidiaries rather than the parent.

One really annoying aspect of owning [shares of Brookfield](#) Asset Management subsidiaries is finally remedied. In the past, when you wanted to buy a higher-yielding stock, like **Brookfield Infrastructure Partners** ([TSX:BIP.UN](#))([NYSE:BIP](#)), you would be subject to all the annoyance and extra tax implications that come with being a limited partnership.

The benefits

This wasn't a problem if you held the shares in a tax-sheltered account. However, it was a pain when you bought shares in a margin account. Previously, the only way to own shares with a favourably taxed dividend was to own the parent company, Brookfield Asset Management.

In order to solve this issue, Brookfield decided [to split shares](#) of its company, offering corporate shares to existing investors. These shares are traded in the same way as the limited partnership shares but give investors the choice to have the tax advantages associated with a corporation. The new shares are **Brookfield Infrastructure Corp.** ([TSX:BIPC](#))([NYSE:BIPC](#)).

This share structure is beneficial to investors holding this stock in margin accounts because of the tax benefit. It is also positive because of the fact it should be more attractive to American investors. Previously, hedge funds and other institutions were not attracted to the limited partnership structure.

Infrastructure is going to be big

Brookfield Infrastructure is one name that is ideal as a holding in the upcoming years. Governments want to kick-start their countries with serious fiscal spending. Infrastructure is often a recipient of that spending. Brookfield has projects located around the globe, so they should be well positioned to make use of that money in many regions of the world.

The yield is attractive

Although the new corporate shares have no history, the LP shares have an eleven-year track record of dividend increases. The last increase of 7% speaks to the confidence that the company has in maintaining and increasing its dividend. The company is hoping to keep increasing that yield for years to come.

The dividend should continue to be supported by its operations, even in spite of the current crisis. Although its energy infrastructure income could be hit, other aspects of its business should be safe or even grow. Its data centres will almost certainly remain in demand, as more people use the internet to communicate, conduct business, and buy merchandise. And its water infrastructure will certainly be needed.

The bottom line

Brookfield infrastructure is a company that you should own. This crisis gives you the opportunity to buy shares at a discounted price, inflating the yield on your investing dollar. The company made the shares even more attractive with a new share structure that is beneficial for those holding shares in a taxable account and should draw in more foreign investment. Add this infrastructure stock today to build income for the future.

CATEGORY

1. Dividend Stocks
2. Investing

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