Buy and Hold This Growth Stock for 100 Years

Description

Want to maximize your success as an investor? Buy and hold growth stocks. When done right, this strategy can lead to incredible returns. Just take a look at **Constellation Software**. Since 2006, shares have risen by 7,000%. The **S&P/TSX Composite Index**, for comparison, rose by just 26%.

But not all growth stocks are created equal. In fact, some companies continue to grow like weeds, yet their share prices languish. That's because the price isn't right. Underlying growth occurs, but the valuation premium leaves little upside for new investors.

To succeed in growth investing, you need to find stocks that benefit from long-term trends. These businesses rarely have premiums attached that fully account for the runway of opportunity.

Brookfield Infrastructure Partners L.P. (TSX:BIP.UN)(NYSE:BIP) is a prime example. Despite benefiting from a century-long growth tailwind, the stock is consistently priced at a discount.

A discounted valuation combined with consistent growth is the recipe for success. Brookfield's management team targets 12% to 15% annual returns for equity holders. Over the past decade, the company has *exceeded* these aggressive targets.

What makes Brookfield such a successful growth stock? The secret lies at the heart of its business model.

Bet on population growth

Population growth is a great bet. The world has been getting more crowded for centuries. Every year, hundreds of millions of people are added to the global citizen count. Rising populations result in more demand for key infrastructure like highways, bridges, ports, and cell towers. These are the type of assets that Brookfield specializes in, making it an ideal growth stock.

For example, this year it purchased $600 million in assets that included cell towers in India and a data distribution business in New Zealand. It also spent $500 million to acquire a North American rail route and another $150 million for a natural gas pipeline. That's nearly $1.3 billion invested in assets that will directly benefit from population growth.

The best part of Brookfield's strategy is its capital recycling program. The company specializes in early-stage investment, when the rewards more than compensate for the additional risk. Once an asset matures, and returns plateau, the company divests the project, usually at a nice profit.

Last year, the company sold four assets in the transport, energy, and utility sectors for roughly $1 billion. That sum is 2.5 times *higher* than what the company paid, resulting in a 17% annual return on investment. The company has been repeating this proven strategy with great success for more than a decade.

This growth stock is ready

Betting on population growth is a long-term game. Brookfield has capitalized by keeping a multi-decade approach. It's not interested in monthly or quarterly returns. The company is betting on a tailwind that will persist for another decade. The United Nations doesn't expect global populations to peak until *at least* 2100.

This long-term approach is what makes Brookfield such a fantastic buy-and-hold growth stock. You can buy it once, and forget about it for years to come. Investors that did so during its 2009 IPO have profited handsomely.

Thanks to the coronavirus crash, the stock now trades at 2017 levels. Long-term growth investors can now join the party at an unusual discount.

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