



The 1 Stock I'd Buy Right Now

Description

Capital is scarce. If there's only one stock I'd buy right now, it'd have all the good traits below.

First, the business has to be of high quality. After all, Warren Buffett, one of the best investors of all time, advocates buying a wonderful business at a fair price over a fair business at a wonderful price.

Second, the stock should be in a long-term upward trend.

Third, it must offer periodic returns with [stable dividends](#).

Brookfield Infrastructure Partners ([TSX:BIP.UN](#))([NYSE:BIP](#)) has all three traits.

Sleep well at night with Brookfield Infrastructure

Brookfield Infrastructure is a high-quality business. It is a big player in global critical infrastructure networks. Additionally, it has the expertise to actively manage operations and opportunistically sell assets to reinvest capital into the business.

The incredible management and a stronger U.S. dollar have led the TSX shares to generate annualized returns of nearly 20% since its inception in 2009. This is despite the recent market selloff!

Thanks to the company's strategy of maintaining high levels of liquidity at all times, financing its assets with long-duration, fixed-rate debt, and investing in quality, well-contracted assets, it can defend against this economic downturn.

The COVID-19 pandemic greatly impacts many parts of the economy. However, all of BIP's businesses are essential services that have operated through the pandemic.

Additionally, the stock remains in a long-term upward trend. This indicates that the business has staying power, and the market gives it a stamp of approval.

BIP owns a diversified portfolio of assets across four key sectors. In the first quarter, the company

managed to keep its funds from operations (FFO) per share steady. It declined by only 2% year over year.

Virus disruptions have had little impact on its utility, data, and energy assets, which contribute about 72% of its FFO. In the current environment, its transportation infrastructure assets (i.e., rail, toll roads, and ports) will get a bigger hit.

Safe dividends

The company has a strong culture of paying increasing dividends. BIP's cash distribution has increased every year since its inception by 10.6% per year. That's above-average growth for a utility.

Most of BIP's FFO remains intact. Importantly, the company has the financial position and willingness to maintain its cash distribution and increase it by 5-9% per year in the future. At writing, BIP offers a 4.6% yield. That's an above-average yield compared to the **iShares S&P/TSX Capped Utilities Index ETF** that yields about 3.5%.

Creating value; Good valuation

During this stressful period, amazingly, BIP has the liquidity to continue buying high-quality assets at attractive valuations. In Q1, it reported closing a large-scale transaction of 130,000 Indian telecom towers for which BIP will invest up to US\$500 million alongside its institutional partners.

In the near term, it also plans to invest an additional US\$700 million in acquisitions. Buying quality assets in stressful times is the kind of action that drives long-term shareholder returns.

[BIP](#) is a wonderful business trading at a fair price. Investors interested in a quality utility stock should buy some now and prepare to buy more should the stock dip due to a second wave of COVID-19 infections.

The Foolish takeaway

Investors can buy wonderful Brookfield Infrastructure for a juicy yield and above-average growth at a fair price. If the stock dips on market selloffs, back up the truck!

CATEGORY

1. Dividend Stocks
2. Investing
3. Stocks for Beginners

TICKERS GLOBAL

1. NYSE:BIP (Brookfield Infrastructure Partners L.P.)
2. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)

PARTNER-FEEDS

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