



A Canadian Dividend Stock Set for Exceptional Returns in 2021

Description

Canadian stocks have had an exceptional run so far in 2021. However, despite the fact that we are living in a global pandemic, it is bewildering that the **TSX Index** is trading just below all-time highs.

Frankly, if you are sitting on some investable cash, it can be intimidating to invest new money near a market peak. Yet, this is where investment discipline comes into play. There are opportunities in every market, but you have to take a disciplined approach.

There are opportunities in every market, even the weird ones

Firstly, look for Canadian stocks that operationally thrive regardless of the pandemic. Don't just worry about where the stock price is at today. Think about the fact that if it survived one of the toughest years on record, how good will the business be after a return to normal?

Secondly, if you are worried about a recession or another market crash, own Canadian stocks that are very well capitalized and have ample cash on their balance sheets. Ask, can they still grow, even if the stock market takes a turn for the worse?

Thirdly, think very long term. Don't just think about returns in 2021. Think about 2025 or 2030. I am talking returns that compound over 10 or more years. Ask yourself, will the business even be operating in 10 years? Or rather, does time actually make its investment thesis even more attractive — kind of like a good wine?

While these are just quick tips, they can be a good screener on whether to buy a Canadian stock in a hot market or not. Keeping some of these points in mind, here is one Canadian stock I like. I liked it during the pandemic, and I like it in a recovery. It consistently grows its cash flows and [dividends](#). It is a great compounder of capital, and that is why I like this stock for many years into the future as well.

This top Canadian stock is great for 2021 and beyond

This top Canadian stock is **Brookfield Infrastructure Partners** ([TSX:BIP.UN](#))([NYSE:BIP](#)). It operates essential, long-life infrastructure assets across the globe. The company is a master at acquiring, re-capitalizing, and revamping infrastructure assets so they become cash-producing behemoths. Out of its regulated/contracted assets, it is growing organically by 5-10% a year. To top it off, it also has a great balance sheet to deploy into accretive acquisitions.

A great pipeline of asset acquisitions

Last year, this Canadian stock completed some really great acquisitions in data/cellular assets in Asia as well as midstream/LNG assets in the United States. Just on Wednesday, it [announced a bid](#) to privatize **Inter Pipeline** (TSX:IPL) for \$16.50 per share. At that price, it is undoubtedly a bargain for BIP. Only a year ago that stock traded at \$22 per share.

BIP already has a large collection of midstream, storage, and pipeline assets in North America. The addition of Inter Pipeline's energy assets would be a great fit in its broader energy network.

Likewise, if anyone can make the Heartland Petrochemical Complex project work, it is likely BIP. Through its affiliation to **Brookfield Asset Management**, BIP has wide array of connections to institutional investors who may be willing to partner in Heartland's completion. If not, the current discounted price accounts for challenges related to that asset. To me, it seems like a really opportunistic/synergistic opportunity for a great Canadian stock like BIP.

This Canadian stock has years of growth ahead

If this deal gets completed, I imagine it will be the first of many more acquisitions to come this year. Given its organic and acquisition growth profile, it continues to be one of my top Canadian dividend stock picks for 2021 and many years beyond.

CATEGORY

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

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. Koyfin
3. Msn
4. Newscred
5. Quote Media

6. Sharewise
7. Yahoo CA

Category

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

Date

2025/08/20

Date Created

2021/02/13

Author

robbybrown

default watermark

default watermark