



TFSA Investors: A Top Canadian Dividend Stock to Own Right Now

Description

The Tax-Free Savings Account (TFSA) is an incredibly useful investment tool for Canadian investors. TFSA users can enjoy significant tax savings over the years because the account type allows their capital gains, dividends, and other earnings from assets within the account to accumulate without incurring taxes.

You can use the contribution room in your TFSA to hold a wide range of assets. Reliable income-generating assets like dividend stocks are excellent additions for TFSA portfolios. Today, I will discuss an excellent Canadian dividend stock that you could own in your TFSA for [outsized, long-term returns](#).

Brookfield Infrastructures Partners

Brookfield Infrastructures Partners ([TSX:BIP.UN](#))([NYSE:BIP](#)) could be an ideal stock if you are looking for a company that boasts the qualities necessary for significant long-term and reliable growth while offering dividends.

Brookfield Infrastructure Partners has a wide range of infrastructure assets in its portfolio that are diversified across several sectors, including transport, utilities, midstream, and data infrastructure assets. The company has low-maintenance capital requirements. Its maintenance expenses averaged less than 20% of its funds from operations in the last five years. Last year, its maintenance capital spending was just 19.3%.

Brookfield Infrastructure's assets will continue to be essential for several sectors in the economy. With 95% of its cash flow coming from regulated or contracted assets, it generates reliable cash flows. 65% of its cash flows have no volume risk, and an estimated 75% is indexed to inflation. It means that the company generates significant cash flows to support its dividend payouts comfortably.

Promising growth prospects

Brookfield Infrastructure Partners can virtually never run out of more growth opportunities. The

business spans five continents, and it has ample opportunities to generate high long-term returns after adjustment for risks. The company also has significant mature assets to provide profits as capital that it can use to make more investments.

The company began privatizing **Inter Pipeline** during the first quarter of fiscal 2021 — a company it had already established a one-fifth stake in during the pandemic-fueled market crash last year.

Brookfield Infrastructure Partners completed or secured three asset sales totaling over US\$1.7 billion, generating 34% annual returns after taxes and increasing its return on investment fourfold. The company ended its recent quarter with US\$2.6 billion in liquid assets that it can use for further investments.

Foolish takeaway

Brookfield Infrastructure Partners's management has always managed to please investors by achieving their goal of 12-15% total long-term returns on investment. Investors can simply consider purchasing the stock at a reasonable valuation to enjoy the 12% compounded annual growth rate that seems virtually guaranteed due to its stellar track record.

The stock is trading for \$65.31 per share at writing, and it boasts a 12-month trailing dividend yield of 3.87%. The company's cash distribution grows by nearly 5-9% per unit each year, making it an excellent dividend stock for wealth growth through capital gains and dividend income in your [TFSA portfolio](#).

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

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

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