



The Top Canadian Stock for Your Portfolio

Description

Brookfield Infrastructure Partners ([TSX:BIP.UN](#))([NYSE:BIP](#)) was established in 2019 by **Brookfield Asset Management** to be an alternative investment vehicle for investors who prefer owning the company's infrastructure operations through a [corporate structure](#). The company owns and operates high-quality, long-life assets that generate stable cash flows, require relatively minimal maintenance capital expenditures and, by virtue of barriers to entry or other characteristics, tend to appreciate in value over time.

Opportunistic acquisitions

Further, the company's current operations consist principally of the ownership and operation of regulated gas transmission systems in Brazil and of [regulated distribution operations](#) in the United Kingdom (U.K.). However, based on the allocation of opportunities to Brookfield, the company intends to seek acquisition opportunities in other sectors with similar attributes and in which it can deploy an operations-oriented approach to create value.

Although the company's current operations are utilities located in the U.K. and Brazil, shareholders have exposure to eight markets across the transport, midstream, and data operating segments by virtue of the exchange feature of the company's exchangeable shares. The exchangeable shares of the company were structured with the intention of being economically equivalent to the units of the partnership.

Exchangeable share feature

Economic equivalence is achieved through identical dividends and distributions on the exchangeable shares and the partnership's units; each share is exchangeable at the option of the holder for one unit of the partnership at any time. Given the economic equivalence, the market price of the exchangeable shares is significantly impacted by the market price of the partnership's units and the combined business performance of Brookfield Infrastructure as a whole.

The group's mission appears to be to own and operate a globally diversified portfolio of high-quality infrastructure assets that generates sustainable and growing distributions over the long-term for the company's shareholders. To accomplish this objective, the company leverages its operating segments to acquire infrastructure assets and actively manage assets to extract additional value following the group's initial investment.

Operations-oriented approach

As the business matures and cash flows have been de-risked, the company is looking to recycle capital and re-invest in assets that are expected to generate higher returns. An integral part of the group's strategy is to participate along with institutional investors in Brookfield-sponsored infrastructure funds that target acquisitions that suit the group's profile.

In addition, the group focuses on investments in which Brookfield has sufficient influence or control to deploy an operations-oriented approach. The group targets a total return of 12-15% per annum on the infrastructure assets that it owns, measured over the long term. Brookfield strives to generate this return from the in-place cash flows from the company's operations plus growth through investments in upgrades and expansions of the group's asset base as well as acquisitions.

Highly regulated and contracted cash flows

The partnership determines the company's distributions based primarily on the group's assessment of Brookfield's operating performance. The partnership's distributions are underpinned by stable, highly regulated, and contracted cash flows generated from operations. This makes the company's stock a great investment over the long term.

CATEGORY

1. Investing

POST TAG

1. canada

TICKERS GLOBAL

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

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