



## 1 Buy-and-Hold-Forever Dividend Stock for Your TFSA

### Description

You don't have to overthink your investments. Simply stay invested in wonderful businesses for a long time — ideally forever — to enjoy sustainable growth in your wealth!

Here's a dividend stock that you can buy and hold forever in your [Tax-Free Savings Account](#) (TFSA). **Brookfield Infrastructure Partners** ([TSX:BIP.UN](#))([NYSE:BIP](#)) is an excellent stock to hold in your TFSA for nice tax-free income and solid growth.

### Its growth potential in your TFSA

Long-term investors of BIP have been rewarded. Investors who have held the quality shares for five years have witnessed their investments growing by about 16% per year. This is more than doubling one's investment. If the past is indicative of the future, a BIP investment is set for solid long-term tax-free returns in your TFSA.

As a global company across multiple asset types in the infrastructure space, BIP can selectively invest in geographies or asset types that are best for capital allocation at a given time. To name a few assets, it invests in data, commercial and residential, midstream, rail infrastructure assets, etc.

Governments around the world are weighed with debt and have limited funds for infrastructure investment. Therefore, there will be no lack of investment opportunities in developed and emerging markets alike.

McKinsey & Company's research revealed that approximately US\$69 trillion in infrastructure investment is needed across the globe by 2035. Because of BIP's close relationship with its general partner and manager, **Brookfield Asset Management**, it has access to large-scale investments that have few suitors.

For example, [Brookfield Infrastructure](#) took advantage of the pandemic market crash last year to buy tonnes of Inter Pipeline shares at basement prices to become its largest shareholder. It is expected to fully acquire the company soon in an \$8.6 billion deal. BIP believes it has the operational expertise to

“drive top-line growth for the years to come.”

## Buy and hold forever for growing dividend income

Brookfield Infrastructure also churns out quarterly cash distributions that are largely tax-free in the TFSA. From personal experience, there was 0.1% taken off from my last dividend payment due to 15% withholding tax on the U.S. cash distribution portion. That's a negligible reduction.

The focus should be on the big picture. BIP generates high-quality cash flows with high EBITDA margins in the +50% range. Its cash flows are primarily regulated or contracted with three-quarters that are indexed to inflation.

In stressful economic periods, you can expect resilient business results from BIP. For example, last year, during the severe impacts of the pandemic on the economy, BIP managed to increase its funds from operations (FFO) per unit by 2% and maintain its dividend growth.

In the first half of the year, BIP enjoyed funds from operations FFO per unit growth of almost 19% year over year with growth across all its business segments.

Since 2009, BIP has increased its dividend by 10% per year, while increasing its FFO per unit at a rate of 16%. Therefore, it has maintained a sustainable payout ratio while having excess cash to reinvest into the business. Investors can rest assured that they'll earn perpetual, passive, growing income from BIP. Currently, it provides an initial yield of close to 3.7%.

## The Foolish investor takeaway

Economic growth, low interest rates, and an expanding global infrastructure sector are macro factors that will drive growth for the long haul in the global infrastructure leader. At the company level, BIP is an incredible operator and value investor that you can count on for wealth creation and increasing tax-free income in your TFSA.

### CATEGORY

1. Dividend Stocks
2. Investing

### 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. Smart News
8. Yahoo CA

#### **PP NOTIFY USER**

1. kayng
2. kduncombe

#### **Category**

1. Dividend Stocks
2. Investing

#### **Date**

2025/07/04

#### **Date Created**

2021/08/12

#### **Author**

kayng

default watermark

default watermark