



Dividend Stocks to Buy: 2 Infrastructure Stocks That Are Perfect for Passive Income

Description

When looking for dividend stocks to buy that can earn you strong and reliable passive income, it's hard to find anything better than businesses with infrastructure assets.

These companies are often extremely reliable, have operations that are essential and highly defensive, and as the economy grows, these companies will be growing too.

Therefore, finding the best, most dominant stocks in core industries such as energy or [utilities](#) can often be one of the best ways to find dividend stocks to buy and hold long term.

With all the volatility lately, rising interest rates, and tightening monetary policy, the demand for high-quality infrastructure stocks is growing. So if you're looking to buy a top dividend stock for your portfolio today, here are two of the best.

One of the best dividend stocks to buy and hold for decades

There are several different infrastructure stocks in Canada worth holding long term. However, without a doubt, one of the best and most unique investments you can make is **Brookfield Infrastructure Partners** ([TSX:BIP.UN](#))([NYSE:BIP](#)).

Brookfield is one of the best dividend stocks to buy now for several reasons. First, it owns highly defensive assets that are diversified all over the world. The company owns utility assets, midstream energy assets, transportation businesses as well as data infrastructure assets.

This highly diversified mix of crucial infrastructure makes Brookfield an incredibly defensive company. No matter what's going on with the economy, each of these segments offers services that are essential.

Another reason Brookfield is an excellent stock to buy, especially in this environment, is that it can actually benefit from inflation. Because most of its own costs are fixed, but much of its revenue is indexed to inflation, the higher prices rise, the more its margins will increase.

Perhaps the most significant reason why Brookfield is one of the best dividend stocks to buy and hold long term, though, is due to its incredible management team. The fund is always looking to grow value for unitholders. It does this by constantly recycling capital. Brookfield will often sell assets it can get a fair price for and recycle that capital into new assets it's identified that are [undervalued](#) or that it can help to become more profitable.

It's done this for years and been highly successful, which is why it's such an excellent investment. And in addition to the growth, the fund also offers a current yield of roughly 3.6%.

Brookfield has a stated goal to grow investors' capital by up to 15% annually over the long run, an impressive rate. So if you're looking for a top dividend growth stock to buy now, Brookfield is certainly one of the best there is.

A top midstream and utility stock

In addition to Brookfield, another excellent dividend stock to buy now is **AltaGas** ([TSX:ALA](#)). AltaGas is another high-quality stock like Brookfield because it's highly defensive but still offers investors lots of long-term growth potential.

Its utility segment, which offers low-risk growth and is highly resilient, is expected to see its rate base grow by 8% to 10% annually until at least 2026. In addition, its midstream segment, which continues to increase its capacity to ship gas from the west coast of Canada to Asia, also offers long-term growth potential for investors.

Plus, on top of all this long-term growth, the passive income you receive is another reason AltaGas is one of the best dividend stocks to buy. The stock currently yields around 3.85%. And supported by the growth in its utility operations over the coming years, it expects to grow the dividend at a 5% to 7% compounded annual growth rate through 2026.

It's the perfect stock to own because it will not only protect your capital well, it will continue to expand its operations. So if you're looking to shore up your portfolio and find a top dividend stock to buy, AltaGas is one of the best in the current market environment.

CATEGORY

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2. Investing

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2. TSX:ALA (AltaGas Ltd.)
3. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)

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