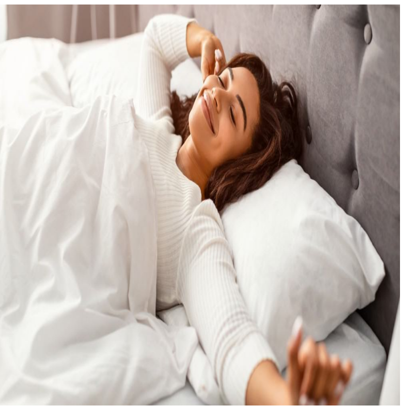

Here’s a Dividend Stock That Will Let You Sleep Peacefully

Description

The conflict between Russia and Ukraine is deeply concerning. I’m not a geopolitical expert, but a few things are clear: the conflict has escalated in recent weeks, and one of the obvious bargaining chips is energy supply.

Tensions in Eastern Europe have already pushed the price of oil higher. It could stoke the flames of inflation further. That’s bad for most of the stocks in your portfolio. However, some sectors of the economy are detached from these trends. These sectors are focused on hard assets that retain their value, even during global recessions and prolonged warfare.

Here’s one dividend stock that seems immune to Russia’s impact on the global capital market. Adding this to your portfolio could be the recipe for a good night’s sleep.

Infrastructure dividend stock

Brookfield Infrastructure Partners (TSX:BIP.UN)(NYSE:BIP) is the perfect example of a safe haven. As the name suggests, this fund focuses on infrastructure projects across the world. As such, it is exposed to hard assets in several different countries and denominated in multiple currencies. The net impact is a steadily expanding stream of cash flows derived from tangible assets that retain their value.

After rallying by more than 22% last year, the stock is flat for the year, even as other stocks post double-digit losses.

This robust performance stems from strengthened investor confidence about the company’s prospects backed by a solid business model.

While other companies feel the full brunt of U.S. inflation skyrocketing to 40-year highs, Brookfield has been able to shrug off the pitfalls. The company boasts of quality investments spread across utilities transportation midstream and data storage, among other related infrastructure.

Growing free cash flows

Most of the company's assets have inflation-indexed contracts, which protect cash flows. These air-tight contracts helped Brookfield Infrastructure Partners deliver solid fiscal 2021 results. Funds from operations (FFO), a key metric, surged 19% to $1.7 billion during this period. The increase was driven by strong growth across all business segments.

A 19% year-over-year increase in FFO affirms the company's ability to generate free cash flow. Consequently, it has been able to grow its dividend at a compounded annual growth rate of 9.9%. To put that into context, the dividend could *double within seven years* at this pace of growth.

Brookfield currently pays a solid 3.6% dividend yield. While the stock is trading at a price-to-earnings multiple of 68, I believe the growth rate and hard asset portfolio justify this premium during this brutal bear market.

Bottom line

Russia's actions in Eastern Europe are both unpredictable and concerning. These tensions are already having a negative impact on global capital markets. Investors who wish to sleep well at night and mitigate these risks should turn their attention to hard assets. Brookfield Infrastructure Partners is a good candidate for this. Keep an eye on this robust dividend-growth stock.

CATEGORY

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