Questor share tip: John Laing Infrastructure Fund can help build your portfolio

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John Laing Infrastructure Fund is a good long-term bet for income seekers. Questor keeps a buy.

John Laing Infrastructure Fund 110.7p+0.1 Questor says BUY

Questor believes the best way to grow a portfolio is via a dividend reinvestment strategy. Infrastructure investment is one way of building up a dividend stream.

Reinvesting dividends means that the money you earn on your investments begins to earn returns of its own. These can then be reinvested to create a virtuous investment circle.

John Laing Infrastructure Fund (JLIF) invests in long-term projects with a stable return and long life. The majority of its assets are in the UK but it also has a presence in Finland and Canada.

The company invests in assets that are at an operational stage instead of at the construction phase, which reduces risk.

In the six months to June, the company paid a dividend of 3p a share. This is in line with expectations after last year's full-year payout was 6p a share. If the dividend total is not raised, the prospective yield is about 5.5pc.

The portfolio's valuation increased by 4.5pc in the period to £449.4m, with the net asset value per share at 104.8p a 5.3pc discount to the share price.

JLIF says it is actively pursuing other opportunities in the secondary infrastructure market. It has already completed six transactions this year, with the majority of these transactions from vendors other than John Laing.

This is important. The fund was spun off from construction group John Laing and it gets first refusal on any PFI assets being sold by the group. However, buying in secondary markets demonstrates JLIF's presence and credibility in the wider marketplace.

Of course, there are risks, as there are with any investment. A rise in interest rates could mean the shares trade on a lower premium to net asset value as yield become available elsewhere. Also, a large, retrospective overhaul of the PFI programme by the Government could hit returns.

However, in context, these risks are relatively small and the sector should remain attractive for income seekers.

JLIF shares are little changed on the 105¼p they were first tipped at on October 12 last year, but remain a solid buy for income seekers.