

Get Rich Slowly With Enbridge Inc. and Toronto-Dominion Bank

Description

Perhaps it's the grumpy old man in me talking, but it seems like people are less patient than ever.

People weave in and out of traffic, okay with putting themselves in danger in exchange for knocking a few minutes off their commute. Buying stuff off the Internet is quick, cheap, and easy, yet we still complain when an item takes longer than a couple of days to get into our hands. And when a flight gets delayed by even a few minutes, you can cut the tension with a knife.

Investors are hardly immune to impatience. Thousands have fallen for all sorts of get-rich-quick schemes. When the latest hot stock gets touted, a stampede of investors flood in, hoping to catch the wave. Or we do silly things like try to trade nearly bankrupt companies, telling ourselves we'll sell when it goes up 10%.

We all know how that ends.

There's a better way. If investors want to become rich, all they need to do is buy and hold some of Canada's finest companies for a very long time. As the years turn into decades, they'll find that today's giants find a way to get even bigger, generating solid investment returns in the process.

Patience is the key. As long as investors don't sell prematurely, they can enjoy terrific gains over a lifetime of investing.

Here are two terrific buy-and-hold forever stocks to get investors started.

Enbridge

Enbridge Inc. ([TSX:ENB](#))([NYSE:ENB](#)) is a energy powerhouse with more than 27,000 km of liquids pipelines, 24,000 km of natural gas pipelines, 1,776 MW in electricity generation capability, and 2.1 million gas distribution customers. Altogether, this translates into more than \$80 billion in hard-to-replace assets.

Enbridge has done a nice job avoiding the calamities that have plagued the rest of the energy market. Approximately 97% of its earnings are from fixed-price contracts, meaning it takes very little exposure to underlying commodity prices.

The company still has plenty of growth potential with some \$10 billion in projects slated to come online between now and 2019. This doesn't even include the Northern Gateway project in British Columbia, a 1,177 km pipeline that's estimated to cost \$8 billion.

Enbridge has also recently gotten serious about hiking its dividend. In 2011 the company paid an annual dividend of \$0.98 per share. That's more than doubled in the five years since, and management is projecting a \$2.12 per share dividend. Additionally, the company has issued guidance that predicts dividend growth of between 10% and 14% annually through 2019.

This all translates into outstanding share performance over time. In the last two decades, including reinvested dividends, Enbridge shares have returned an astounding 19.5% per year. This means a \$10,000 investment made in June 1996, would be worth \$352,650 today.

Toronto-Dominion

When investors are asked which of Canada's Big Five banks is the finest, many will give the same answer: **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)).

There are many reasons investors feel this way. One of the most important is the bank's U.S. exposure, which includes 1,265 branches, \$90 billion in assets under management, and \$2.7 billion in earnings during its latest quarter. Approximately 30% of total earnings come from the United States.

Investors also like the bank's dominance in Canada. It ranks number one or number two in just about every important retail banking category, including an overall 21% market share. TD offers it all to customers, even including property, casualty, life, and health insurance.

Like Enbridge, TD has a terrific dividend with history of steadily increasing the payout. Five years ago, TD paid a quarterly dividend of \$0.33 per share. These days that dividend has gone up nearly 70%, currently sitting at \$0.55 per share. That's good enough for a 3.9% yield today.

TD hasn't performed quite as well as Enbridge over the last 20 years, but shares have still done remarkably well. Including reinvested dividends, TD shares have increased 15.9% annually since June 1996. A \$10,000 investment made back then would be worth \$192,557 today.

I can't guarantee TD and Enbridge will perform as well in the next 20 years as they did in the last 20. What I do know is that each has a dominant position in a market that still has plenty of growth potential. That's a good thing for long-term investors.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Energy Stocks
4. Investing

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:ENB (Enbridge Inc.)
4. TSX:TD (The Toronto-Dominion Bank)

Category

1. Bank Stocks
2. Dividend Stocks
3. Energy Stocks
4. Investing

Date

2025/08/19

Date Created

2016/06/10

Author

nelsonpsmith

default watermark

default watermark