



## 3 Energy Sector Investments That Can Provide Income for Years

### Description

Finding a great investment that can provide a steady income can be daunting at times, especially with the need to diversify your portfolio with a wide array of investments from different areas of the economy.

The energy sector has great investment opportunities that are often overlooked by most investors as being boring investment options with few growth prospects.

Fortunately, that couldn't be further from the truth. Here are a few companies to consider adding to your portfolio, that not only provide a great dividend, but are set to increase that dividend over the next few years.

### Algonquin Power

**Algonquin Power & Utilities Corp.** ([TSX:AQN](#))([NYSE:AQN](#)) is a stereotypical energy company — it has a great yield, huge opportunities for growth, and, best of all, most investors are unaware of the untapped potential.

Algonquin operates through two subsidiaries: Algonquin Power Company, which includes 33 clean-energy facilities across both the U.S. and Canada, and Liberty Utilities, which provides water, gas, and electric utilities to select markets in the U.S.

Algonquin currently pays a dividend quarterly dividend of \$0.13774, which results in a very handsome yield of 5.14% at the current price of just over \$11. In the past three years, the dividend has been hiked five times, and the stock has appreciated by 55%.

What makes Algonquin a great dividend investment? While utilities typically offer little to any growth, Algonquin is one of the few exceptions to this; it has largely flown under the radar of other investors. Algonquin's recent \$3.2 billion purchase of Empire District Electric will provide added revenue growth and dividend-hike prospects for several years to come.

### Fortis Inc.

**Fortis Inc.** ([TSX:FTS](#))([NYSE:FTS](#)) is not only one of the largest utilities on the continent, but it's also one of the most intriguing investments for dividend investors on the market.

Existing shareholders of Fortis will proclaim proudly Fortis's 44-year streak of consecutive dividend increases, but most won't tell you about how Fortis is on track to continue increasing that dividend by approximately 5% annually over the next few years thanks to several smartly executed acquisitions that expanded the company's footprint into over a dozen U.S. states, five provinces, and the Caribbean.

Fortis currently pays out a quarterly dividend in the amount of \$0.40 per share, which translates into a yield of 3.89% at the current stock price.

Why invest in Fortis? Fortis's revenue comes from mostly regulated agreements that provide reliable, constant revenue that can span decades. While, for most utilities, this provides a stable revenue stream at the cost of little to no growth, Fortis has pursued an aggressive growth posture through acquisitions that has not only provided the growth Fortis desires, but it has helped increase the company's footprint to expose even more opportunities.

### **Enbridge Inc.**

**Enbridge Inc.** ([TSX:ENB](#))([NYSE:ENB](#)) represents yet another lucrative opportunity for investors. Enbridge is the largest gas distribution company in Canada with over two million customers. Enbridge's massive pipeline network is set up to transport crude oil from oil companies for a flat rate per barrel, irrespective of oil-price fluctuations.

Enbridge currently pays a quarterly dividend that comes out to \$2.12 per year. At the current stock price, this provides a yield of 4.10%. Even more impressive is that the dividend has increased every year for the past 21 years with an average compound annual growth rate of 10% during that time. Furthermore, management sees the dividend continuing to rise between 10% and 12% annually over the next few years.

What makes Enbridge such a great investment? The toll-booth-like business produces revenue (and quite a bit of it) irrespective of the current price of oil. When considering the myriad of construction projects both underway and planned, the potential revenue growth and dividend growth are significant.

### **CATEGORY**

1. Dividend Stocks
2. Investing

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1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:ENB (Enbridge Inc.)
3. NYSE:FTS (Fortis Inc.)
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**Date**

2025/07/29

**Date Created**

2017/01/18

**Author**

dafxentiou

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