



## RRSP Investors: Is Enbridge Inc. a Top Pick?

### Description

Canadian Investors are searching for quality stocks to add to their RRSP portfolios.

Let's take a look at **Enbridge Inc.** ([TSX:ENB](#))([NYSE:ENB](#)) to see if the pipeline giant deserves to be one of your holdings.

### Big deal

Enbridge recently closed its \$37 billion acquisition of Spectra Energy.

The purchase creates North America's largest energy infrastructure company with extensive liquids, natural gas, and renewable power assets.

Spectra brings significant natural gas assets to complement Enbridge's heavy focus on liquids pipelines and adds a healthy backlog of commercially secured projects to Enbridge's development portfolio.

In fact, Enbridge now has \$26 billion in near-term projects that will be completed through 2019 as well as an additional \$48 billion in longer-term projects under consideration.

In 2017, Enbridge plans to put \$6 billion of the organic growth projects into service. These include the Regional Oil Sands Optimization project, the Norlite Pipeline System project, and the Bakken Pipeline system.

### Dividend increases

The great thing about pipelines is that once they are installed, they pretty much act as tollbooths for decades.

Enbridge expects its new assets to boost cash flow enough to support annual dividend growth of at least 10% through 2024.

The dividend payout should remain in the range of 50-60% of available cash flow from operations, so

there is adequate room to accommodate any blips that might occur along the way.

Enbridge raised its quarterly dividend by 10% in January to \$0.583 per share. At the time of writing, the distribution provides a yield of 4.1%.

An additional increase in 2017 could be on the way, now that the Spectra deal is closed.

The company has increased the dividend for 22 straight years, so investors should feel comfortable with the guidance.

### **Should you buy?**

Enbridge is an enticing RRSP pick, especially for investors who reinvest dividends into new shares. The company already offers an attractive yield, and the dividend-growth outlook over the medium term will provide solid returns, even if the stock price doesn't increase.

Long-term investors have done very well holding this stock. A \$10,000 investment in Enbridge just 20 years ago would be worth more than \$300,000 today with the dividends reinvested.

There is no guarantee the stock will deliver the same performance over the next two decades, but Enbridge remains an attractive RRSP pick for buy-and-hold investors.

### **CATEGORY**

1. Energy Stocks
2. Investing

### **POST TAG**

1. Editor's Choice

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