



## Is Enbridge Income Fund Holdings Inc. a Better Buy Than Enbridge Inc.?

### Description

**Enbridge Inc.** ([TSX:ENB](#))([NYSE:ENB](#)) is a transporter, generator, and distributor of energy with assets in both oil and natural gas. Although the company is largely involved in oil and gas, it has also made headway into green and renewable technologies like wind and solar energy. It also owns over 80% of **Enbridge Income Fund Holdings Inc.** (TSX:ENF), which aims to provide investors with reliable and consistent payouts through funds generated by its energy infrastructure assets that are largely operated by affiliates of Enbridge. The fund's market cap is only 5% of the size of its parent company, and its success will undoubtedly be impacted by how Enbridge does.

### Which stock has performed better?

Given the close relationship between the two companies, it would stand to reason that the stocks have performed similarly, and although that is true to a big extent, there have been noticeable differences. In the last 12 months, the fund declined by 3%, while the parent company declined almost 6%. When looking at a longer time frame, we see a bit more space between the two stocks, as over the past five years, the fund again outperformed with a share appreciation of 39% compared with just 29% for Enbridge.

### Which offers a better dividend?

One of the goals for the fund has been to provide investors with reliable payouts. With a dividend yield of 6.6%, the fund offers a higher payout than its parent, which currently pays just 4.8%. Unlike the parent company's quarterly payments, the fund makes payments on a monthly basis, which allow you to earn regular income.

Growth is also an important factor to consider when evaluating dividends to see what kind of payouts you might be earning in a few years. In the past few years, the fund has averaged one increase per year, with the most recent hike raising the dividend by 10%. In five years, the dividend has grown from \$0.103 per month to \$0.1711 for an increase of over 66%, which averages out to 10% per year.

Enbridge has seen much stronger growth in the same amount of time. Currently, the company pays quarterly dividends of \$0.61, which have increased 116% from the \$0.2825 that was being paid out in

2012 for an average annual increase of over 16%.

### Which company has seen better growth?

In its most recent quarter, Enbridge saw revenues grow over 40% from the prior year and profits reached \$1 billion. However, in its most recent fiscal year, the company saw revenue growth of just 2%, but it has seen profits increase almost tenfold as Enbridge has been able to find more efficiency and cost savings in its operations.

Enbridge Income Fund has seen a steadier climb in revenues with \$68 million a year ago growing to \$80 million this year for a more modest growth of 17%. However, with minimal costs, the fund is able to generate profit margins in excess of 95%.

### Bottom line

There is really not a lot that separates the two companies, and it ultimately comes down to how important monthly dividends are to you and how long you plan to keep the investment. Because the dividend growth is higher for the parent company, if the dividend increases remain consistent, it will take roughly six years for the parent company's dividend to surpass the fund's payout. Unless you are going to hold Enbridge's stock for a very long time, then the fund offers better prospects for dividends.

### CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

### TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. TSX:ENB (Enbridge Inc.)

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