



## Enbridge Inc.: An Unloved Dividend-Growth Stock for Your TFSA to Start 2018

### Description

Canadians have an additional \$5,500 in contribution room in their [TFSA](#) in 2018, bringing the maximum to \$57,500.

One strategy for getting the most out of the TFSA involves buying dividend-growth stocks and investing the distributions in new shares. This sets off a powerful compounding process that can turn a modest initial investment into a nice nest egg over the course of a few decades.

When the time comes to sell the stocks and spend the money, any capital gains are tax-free, so you get to pocket the full value of the holdings.

With stock markets trading near all-time highs, most of the low-hanging fruit is pretty much gone, but some of the names that struggled through 2017 might be attractive picks today.

Let's take a look at **Enbridge Inc.** ([TSX:ENB](#))([NYSE:ENB](#)) to see why it might be worth a closer look.

### Growth

Enbridge completed its \$37 billion purchase of Spectra Energy last year in a deal that created North America's largest energy infrastructure company.

Spectra brought important gas assets and provided a nice boost to the near-term capital program, which currently tops \$30 billion.

Enbridge expects to complete about \$22 billion in projects over the next few years. As the assets go into service and begin to generate revenue, Enbridge sees cash flow increasing enough to support dividend hikes of 10% per year.

Management just raised the payout by 10% for 2018 and bumped up the dividend by 15% last year.

The market had some concerns about the company's debt levels, but that might change. Enbridge has identified \$10 billion in non-core assets it plans to sell, of which \$3 billion should go in 2018.

At the time of writing, the stock provides a yield of 5.4%.

### **Should you buy?**

Enbridge bottomed out at \$44 per share in November, but it still looks attractive, despite the recovery we have seen over the past six weeks.

At the time of writing, investors can pick up the stock for about \$50 per share.

Rising interest rates could be a headwind for Enbridge until it pays down some of its debt, but [buy-and-hold](#) investors should be comfortable with the dividend-growth guidance and can take advantage of any dips to add more shares.

### **CATEGORY**

1. Dividend Stocks
2. Energy Stocks
3. Investing

### **TICKERS GLOBAL**

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

### **PARTNER-FEEDS**

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

### **Category**

1. Dividend Stocks
2. Energy Stocks
3. Investing

### **Date**

2025/08/16

### **Date Created**

2018/01/06

### **Author**

aswalker

default watermark