



Why This 7.2% Dividend Yield Is 1 of the Best on the TSX

Description

In a number of previous articles, I've highlighted many of the underlying fundamentals supporting long-term capital appreciation and dividend growth at **Enbridge Inc.** ([TSX:ENB](#))([NYSE:ENB](#)). As one of the [best energy infrastructure plays](#) currently on the TSX, I would tip my hat to any investor considering adding an Enbridge position in a long-term buy-and-hold capacity.

In this article, I'm going to discuss a company with strong ties to Enbridge: **Enbridge Income Fund Holdings Inc.** (TSX:ENF). This income fund is an open-ended trust with interests in specific projects currently being undertaken by Enbridge. As such, Enbridge Income Fund is very highly correlated to the underlying company, yet the fund offers investors a much higher dividend yield, which is an attractive option for investors requiring significant amounts of income on a regular basis.

With a current dividend yield of nearly 7.2%, Enbridge Income Fund is certainly one of the best high-yield options for investors to consider, given the company's commitment to growing its dividend and the relative safety of its yield, given its elevated level currently. The income fund has provided guidance that it will continue to increase its dividend in the 10% range for the years to come, coinciding with expected earnings growth in the 10% range. With the fund's primary goal being income distributions to shareholders, expecting the company to maintain a sky-high yield for a long period of time — in a similar fashion to real estate investment trusts — along with a correspondingly high dividend-payout ratio are what investors can continue to expect.

One long-term headwind that has impeded many investors from jumping in to Enbridge Income Fund is the regulatory risk related to the Line 3 expansion, a hurdle the company will need to clear before investors see any sort of meaningful capital appreciation with this stock. That said, most analysts suggest that the current political landscape is one which is highly conducive to seeing this project move forward, and as such, getting into either Enbridge or Enbridge Income Fund at these levels may be a prudent move, given the elevated yield investors will receive while waiting for capital appreciation to materialize.

Bottom line

As fellow Fool contributor David Jagielski [points out](#), both companies are excellent plays, and it really depends on whether income or capital appreciation is the investing goal over the long term. I would suggest income-focused investors looking to cash in on the stability of the energy infrastructure industry consider Enbridge Income Fund.

Stay Foolish, my friends.

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