



Enbridge Inc.: The Safest Way to Double Your Money This Year

Description

When it comes to [doubling your money](#) over the course of a year or two, many think they need to take on an exorbitant amount of risk. While no investment is without risk, I believe **Enbridge Inc. (TSX:ENB)** ([NYSE:ENB](#)) is a stock with a margin of safety that at its current levels will allow investors to double up without substantially elevating their overall portfolio's risk profile.

Enbridge was once a market darling that many investors young and old depended on for above-average total returns. Enbridge stock offered many investors a chance to enjoy the best of both worlds: a high-yielding dividend that grew at an above-average magnitude consistently and a considerable amount of upward stock price momentum.

It seems like a long time ago that the stock was considered a must-have foundation for a market-beating portfolio. Over the last few years, however, the stock has been an absolute dog. If you've bought on the weakness recently, odds are you've lost a considerable amount of money.

In spite of the problems, Enbridge continues to be a dividend-growth king as management offloads up to \$8 billion in assets to fund the plan of the "new" Enbridge that many pundits have been wary of.

Get paid a massive dividend to wait for a rebound

Management has committed to hiking its dividend, which currently yields 6.64%, by 10% over the next three years. Although some don't believe the company has earned the right to prolong its dividend growth streak, I believe Enbridge is more than capable of continuing its hikes without causing damage to its longer-term growth trajectory.

A potential catalyst that could cause shares to pop

The Line 3 replacement will provide a substantial amount of relief. At this point, it appears that investors are already expecting Minnesota to block Line 3's final approval. There is a great deal of resistance, however; at these depressed levels, there's less downside should disapproval actually happen versus an unexpected approval that could cause shares to soar into the atmosphere later this year.

There's much speculation when it comes to Minnesota's final decision; however, the risk/reward trade-off appears attractive given how battered Enbridge shares are at these levels and the unwarranted FERC proposal news, which exacerbated the company's recent troubles.

Bottom line

Enbridge is overly (and unfairly) beaten up, and if you're looking for a way to double-up, forget about gambling on cryptocurrencies or marijuana stocks. Instead, long-time market darling Enbridge is overly beaten up, and has the capacity to really soar over the next year as investors realize how wrong they've been by tossing the stock to the curb.

If further regulatory disapproval and regulatory hurdles continue to occur, however, the double-up hopes will be lost, but I don't think there's that much downside, as everybody appears to be expecting the absolute worst. The stock trades at 1.4 times book, a near 70% discount to its five-year historical average price-to-book multiple of 4.2. And if the near-term tailwinds vanish, at least you'll be able to collect a safe ~7% dividend yield while you wait.

Stay hungry. Stay Foolish.

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Date

2025/08/17

Date Created

2018/04/16

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