3 Energy Stocks to Bulk Up Your Portfolio

Description

Canada's energy sector is full of opportunities for investors, and no well-diversified portfolio should be without at least some exposure to the sector.

Here's an interesting twist to consider

While **Inter Pipeline** (TSX:IPL) is predominately known for its insanely attractive monthly dividend that carries an 8.42% yield, there are several other compelling reasons to consider this energy infrastructure investment.

Inter Pipeline's current business mix includes lucrative transportation, storage, and NGL processing businesses that are spread across Western Canada and Europe.

Specifically, the company's pipeline network, which spans 7,800 kilometres, transports over 1.4 million barrels per day, while the European-based storage business has a capacity of 37 million barrels.

Turning to the future, the Heartland Petrochemical Complex is set to begin converting locally sourced propane into propylene, a type of plastic used for a variety of manufacturing processes. The complex will introduce yet another revenue stream for the company, with the potential to generate up to $500 million of long-term annual EBITDA on average.

Let this investment carry you to riches

Enbridge (TSX:ENB)(NYSE:ENB) is a name that most investors should recognize. Enbridge operates one of the largest pipeline networks on the continent, transporting two-thirds of U.S.-bound Canadian crude and one-fifth of all natural gas consumed within the U.S. market.

Pipelines have come under intense media attention over the past year, as existing bottlenecks and new construction projects are constantly being delayed or shuttered. This puts Enbridge in a unique position for investors, as the necessity of energy pipelines and the stable and recurring nature of the pipeline business itself makes Enbridge a compelling investment option.

Throw in an attractive dividend with a yield of 6.32% and you have one of the best long-term opportunities on the market.

This stock has it all

Suncor Energy (TSX:SU)(NYSE:SU) is known by most investors as *the* energy stock to own. There's a good reason for that designation too- Suncor is an integrated energy company that is both huge and efficient.

In terms of results, in the most recent quarter, funds from operations hit $2.585 billion, or $1.64 per share, thereby surpassing the $21.64 billion, or $1.32 per share reported in the same quarter last year. The company also managed to generate a cash flow of $1.548 billion, or $0.98 per share in the quarter, more than doubling the $724 million or $0.44 per share reported last year.

Those gains were largely attributed to Suncor's oil sands portfolio, which saw a noted uptick in production in the quarter to 657,200 barrels per day from the 571,700 barrels per day reported last year. As additional expansion projects come online in the next few years, investors can expect those gains to continue.

From a dividend standpoint, Suncor may have the lowest yield on this list with just 4.03%, but don't let that deceive you of the stocks true potential. In the past five-year period, Suncor has seen its dividend surge by 75% while maintaining a solid and sustainable payout level.

Suncor currently trades below $42 with a P/E of 16.96.

Final thoughts

The three companies noted above are great investments not only because of the opportunities that they provide, but because they provide a necessary service that keeps the overall economy moving.

In my opinion, a position in one or more of these stocks should be a core holding in nearly any portfolio.

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