



## Buy Canada's Top Dividend Aristocrat Yielding Almost 7% Today

### Description

Investing for the long term in high-quality, dividend-paying, blue-chip stocks with steadily growing earnings, wide economic moats, and regular dividend hikes is among the most proven ways of building wealth. A stock that possesses all those attributes and more, while rewarding investors with a steadily growing dividend yielding in excess of 6.7%, is energy infrastructure giant **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)).

### Strong results

The midstream services company is due to report its second-quarter 2019 results on August 2, 2019. It is anticipated that these will build on the solid first-quarter results, where Enbridge reported solid earnings growth and considerable progress with strengthening its balance sheet and profitability.

Those strong results included adjusted EBITDA growing by 11% year over year to \$3.8 billion, a notable 19% increase in distributable cash flow to \$2.8 billion, and adjusted earnings soared by 19% to \$1.6 billion. Enbridge also confirmed that it had received \$5.7 billion of the \$7.8 billion in asset sales completed during 2019, the proceeds of which are to be directed to reducing debt and fund its asset-development program. This includes reducing debt to 4.7 times adjusted EBITDA and even lower, as more non-core asset sales are completed.

Enbridge has \$16 billion of projects under development that are expected to be completed and commissioned by the end of 2020. One of the most crucial is the Line 3 Replacement Program, which is expected to reduce the capacity constraints that are preventing Canadian drillers, notably those producing bitumen in the oil sands, to crucial U.S. refining markets. As those assets come online, they will further boost the volume of oil and natural gas that can be processed, transported, and stored, further boosting earnings.

This growth is enhanced by historically near low interest rates, which, along with reduced debt, will lead to lower financing costs, bolstering profitability.

Enbridge has a long history of unlocking value for investors, including hiking its dividend for an

impressive 23 years straight, seeing it earn the title of [Dividend Aristocrat](#), to yield a very juicy 6.7%. That consistent dividend growth combined with Enbridge's steady earnings growth, wide economic moat, and attractive valuation, including a price of 16 times projected earnings and 1.4 times book value, make it a must own stock.

The ability to maximize wealth creation and access the power of compounding becomes apparent when considering the returns generated by investing \$10,000 in Enbridge over the last 10 years. Had an investor reinvested all the dividends received in Enbridge stock, that initial investment would be worth \$32,000, which represents an annualized return of 12.3%. If the dividends were taken in cash it would only have a value of \$30,000, having grown by 11.6% annually.

## Foolish takeaway

Based on those historical returns, which are no guarantee of future returns, if the 2019 TFSA contribution of \$6,000 was invested in Enbridge stock and then \$6,000 added annually for 10 years, the total investment would be worth a stunning \$139,000. A TFSA, because of its [tax-sheltered nature](#), is one of the best vehicles to hold a long-term investment. This is because all dividends and capital gains are typically tax-free for life and withdrawals can be made at any time.

### 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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