3 Excellent Reasons for Holding Enbridge (TSX:ENB) Stock

Description

While it may sometimes look as though everything has been going wrong for **Enbridge** (TSX:ENB)(NYSE:ENB) of late, there are three solid reasons to stay invested.

While they may not be immediately obvious to a casual investor, here are some of the most persuasive deciding factors to stack shares of the midstream titan today if you're not yet a shareholder of one of the country's most stable dividend-paying companies.

Open season has begun

Enbridge declared that it is now taking bids on its Mainline pipeline system – a set-up that allows shippers to make use of the company's extensive network of pipes. 90% of the Mainline system – the biggest such network in the country – is up for grabs, with contracts of eight to 20 years available.

Of this, 10% is reserved for spot sales, allowing Enbridge some flexibility to respond to the market.

Investors take setbacks in their stride

Shareholders were largely unfazed by the Kentucky pipeline explosion, focusing instead on the projected earnings beat. Despite legal challenges to some of its pipeline projects, Enbridge managed to knock it out of the park with its Q2, with EBITDA up a full percentage point.

Even with various worrisome headlines whirling around, analysts were bullish on Enbridge, raising their expectations right up until the last minute.

Never mind the hold-ups: A raft of projects are "in the pipeline," with billions of dollars set aside for growth, which means good news for investors who like to see growth in their long-term investments, as well as for stockholders who focus on quality indicators such as reinvestment in new business and project expansion.

An untroubled shareholder base means that the share price has low volatility, which is good for long-term positions and indicates a stock that can bring peace of mind to a low-risk investor who likes a stock portfolio to need as little maintenance as possible.

In short, new and seasoned investors looking to hold stocks for the long-term would do well to add Enbridge to a TFSA, RRSP, or other portfolio with a broad financial horizon.

A wide moat is super defensive in this sector

For investors looking for a solid long-term play in a midstream company with a wide, defensive economic moat, Enbridge is the right stock.

While any established company in this space would be a passable alternative, given the sheer amount of hoops a new challenger in the sector would be forced to jump through, going for one of the bigger names (such as Enbridge or **Pembina,** a popular alternative) is a sure-footed choice.

Possessing such a large market share in so lucrative a sector can only be a good thing for passive income investors, no matter what their position on oil and gas.

With the extensive Canadian Mainline system under its belt, Enbridge also owns and runs the country's largest natural gas distribution outfit and has an impressive portfolio of renewable energy assets totalling 2,000 megawatts of capacity.

The bottom line

A huge economic moat, suitably positive Q2 results, stable dividend, and many more factors mean that Enbridge is one of the most defensive Canadian stocks to buy and hold for the long haul.

The stock is excellent value for money at the moment and pays a suitably large dividend. In short, new investors should look beyond the headlines and focus on a stable cash cow that can reward for the long term.

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