2 Diversified Energy Investments to Bolster Your Portfolio

Description

The market began October with the same volatility that plagued much of the summer. To be fair, the recent pullback wasn't entirely unexpected either, as analysts have been talking about a slowdown hitting the market for months.

What the recent pullback does provide is an opportunity for investors to review their portfolios and re-balance them with any number of more diversified, and defensive investments.

Here are two intriguing investment options to consider from Canada's energy sector.

Time to go with the flow

Enbridge (TSX:ENB)(NYSE:ENB) boasts one of the largest energy infrastructure pipelines on the continent. In short, Enbridge hauls over 60% of all U.S.-bound Canadian crude and one-fifth of all the natural gas consumed in the U.S.

While the pipeline business is what Enbridge is most known for, the company does have an impressive regulated utility business that boasts 3.7 million customers Ontario, Quebec, and New Brunswick. Enbridge is also an electricity generator, with facilities in North America and Europe that generate 1,600 MW of renewable energy.

That diversification is a key aspect that is often disregarded by many investors. That's not to say the pipeline business itself isn't profitable, as it provides a stable and recurring source of revenue for the company.

In terms of a dividend, Enbridge offers investors a quarterly payout with an impressive 6.35% yield, which continues to see annual upticks.

In the most recent quarterly earnings update, Enbridge reported strong GAAP earnings of $1,736 million, or $0.63 per common share, which surpassed the $1,071 million, or $0.63 per common share, reported in the same period last year. The impressive results were followed by an announcement of a further $2 billion in new growth projects stemming from the renewable power and utility business.

Enbridge currently trades at just over $46 with a P/E of 18.56.

This investment has more than a pipeline

Inter Pipeline (TSX:IPL) is another great investment option that should be on the radar of nearly every investor. Like Enbridge, Inter Pipeline has a handsome pipeline and storage business that helps the company continue to offer an impressive dividend. That dividend, which adheres to a monthly distribution, offers an impressive 7.53 yield — a fact that makes Inter Pipeline one of the best-paying dividends on the market.

But that’s not why investors should be excited.

For that, let’s take a moment to mention the Heartland Petrochemical Complex. The $3.5 billion complex is set to open within the next two years, where it will convert locally sourced, low-cost propane into polypropylene. Polypropylene is a type of plastic used in a variety of manufacturing processes, and the plant will be the first of its kind in Canada, providing Inter Pipeline with an additional $450 million in EBITDA every year.

From an earnings standpoint, in the most recent quarter, Inter Pipeline announced a record-setting $260 million in net income, while funds from operations came in a $240 million.

Inter Pipeline currently trades at below $23 with a P/E of 13.50.

Final thoughts

The investments mentioned above are unique options that would do well in nearly any portfolio. Interestingly enough, both stocks offer handsome dividends and diversified businesses that should withstand any potential slowdown that could be coming on the horizon.

In other words, buy them, hold them, and collect the income.

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