1 Canadian Dividend Stock to Hold for 100 Years in Your TFSA

Description

After running the global economy for decades, the oil and gas sector saw some setbacks this decade. Part of it is just the global dynamics and rapidly changing the political landscape, but another part is environmental concerns and a sympathetic shift towards alternative energy. Even though the public sentiment is shifting, complete independence from oil and gas may still be decades, even centuries away.

This crucial position of fossil fuel in our lives is one of the reasons why stable companies in this sector — companies like **Enbridge** (TSX:ENB)(NYSE:ENB) — are still some of the best options for your TFSA. Enbridge is the market king in the oil and gas sector of the country, with the current market cap of $100.28 billion as of now.

Another crown Enbridge wears is that of a Dividend Aristocrat. The company has grown its dividend payouts for more than 20 years. There are many reasons why you can hold Enbridge in your TFSA for decades to come.

History of stability

Enbridge just released its third-quarter results, beating market speculations. And it's not the first time. Even in the turbulent last few years, Enbridge stayed afloat. At the time of writing, the company is trading at $49.55 per share, which is almost 14% more than the same time last year.

This growth is remarkable, especially if you consider the trouble Enbridge faced with Line 3, the company's most expensive undertaking. But the company is over most of the regulatory hurdles that were in the way of Line 3, and it is expected to be fully functional by mid-2020. This project will not only add to the company's oil transportation capacity, providing relief to Canadian crude oil producers, but will propel Enbridge's growth as well.

The company's stability chiefly depends upon its revenue stream. Since the company earns from *transporting* crude oil and natural gas, its revenue is volume driven. So, the price-per-barrel fluctuation that rocks the petroleum market so frequently doesn't hurt Enbridge as much.

A bright future with handsome dividends

Currently, Enbridge has one of the juiciest dividend yields in the market — a fantastic 6.09%. Even if the yield stays the same, the company will repay your initial investment back in less than 17 years, just with dividends. If you couple that with steady growth in your capital gains, imagine where your TFSA would be in a century thanks to the power of compounding.

Enbridge's year-to-year numbers are all in green. It's had 23% growth in revenue, 57% growth in net income, and 28% in the net profit margin. Once Line 3 is operational, the company's growth will only increase, and the balance sheet will become even stronger.

Foolish takeaway

According to many analysts, Enbridge is still trading under its fair value. If you are considering a stock that is worth holding for a century, this undervalued dividend king might be your best bet. Enbridge has decades of good history behind it and, hopefully, decades more of a brighter future.

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