



Enbridge (TSX:ENB) Is a Must-Buy for Your TFSA Passive-Income Stream

Description

If you want to [do better than the markets](#) over time, you need to have a genuinely long-term mindset, a strong stomach for volatility, and the willingness to look foolish (that's a lower-case f) over the near term. Otherwise, you're more likely to follow the herd in and out of stocks and increase your chances of trailing the market averages by doing so.

So, unless you're a seasoned trader, you need to surrender to and ignore the day-to-day or even week-to-week moves in a given stock if your investment thesis still holds strong. By doing so, you realize that your investment could stand to flop after you've decided to pick up shares, even though you bought them at what you deemed was a considerable discount to its intrinsic value.

Most beginner investors expect their entry point to be at or around the bottom in a stock along with the expectation the said stock will soar soon after they've gotten in. If the newly purchased stock continues to pull back, many newbies are quick to doubt their decision to get into a stock in the first place rather than thinking about adding to a position at a better price.

If you see yourself cheering for a stock you've purchased to go down in price so you can lower your cost basis further, only then do you have enough conviction (and likely a long enough time horizon) to really make a killing with the stock you see as undervalued.

Consider **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)), a Canadian pipeline play that's been trading water for nearly five years now. Prior to the stock's nearly 40% peak-to-trough decline, Enbridge was a dividend darling that was loved by income and growth investors alike. In its glory days, Enbridge stock had posted massive gains, a [large upfront dividend yield](#) alongside frequent and generous dividend hikes.

While there's no question that the industry has since soured, with headwinds have continued to set the stage for a challenging and unfavourable environment moving forward, the energy transportation kingpin continues to make a case for why it should continue to be a long-term hold for investors.

Regulatory hurdles, project delays, an ailing Albertan oil patch, and all the sort have many investors second-guessing their decision to hold their Enbridge shares in spite of management's extremely shareholder-friendly moves.

The managers running the show have done their best to protect shareholders from the unfavourable environment. The firm still pays a handsome dividend (currently yielding 6%) that's growing at a double-digit rate despite a now "tighter" balance sheet. And with a pipeline (no pun intended) of encouraging growth projects that could come online over the next five years (including the Line 3 Replacement), Enbridge is more than capable of maintaining its dividend-growth streak as the stock looks to post a recovery.

The company recently reported decent third-quarter results with \$3.1 billion in adjusted EBITDA, up year over year and beating the estimate of many analysts who were calling for just shy of \$3 billion. The expected distributable cash flow of \$1.9 million was also a promising upside surprise.

Looking ahead, sights are set on new projects, as Enbridge looks to leap past regulatory hurdles. There could be further delays or setbacks in the cards, and that will cause additional bumps in the road over the intermediate term. With shares trading at just 12.8 times EV/EBITDA, though, I'd say that the risk/reward is more than favourable for those who are willing and able to hold the name for at least five years.

Enbridge stock is dirt-cheap and has the potential to deliver market-crushing results over the next decade. Just don't buy in with the expectation that you'll make a killing over the next few months, because the stock will likely continue to fluctuate before it can finally make a sustained move higher. In the meantime, stash the name in your TFSA and collect the big, fat dividend.

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