Go Defensive and Get Rich From This Great Stock

Description

The holiday shopping season is finally here, and with it comes the pressing feeling that 2020 is just a few short weeks away.

Market skeptics have predicted 2020 as when the market will finally retreat from its current highs, but whether or not that comes to fruition remains to be seen. All anyone can really do is make sure that their portfolio is loaded with a number of defensive investments that can withstand any prolonged slowdown.

Here is one key investment to consider which is not only well-positioned in the market as a defensive holding, but could also provide investors with a handsome income.

Welcome to your toll-road income stream

Enbridge (TSX:ENB)(NYSE:ENB) is one of the largest energy infrastructure companies on the planet. The company boasts a pipeline network that is an arterial vein for North America's energy needs. In fact, Enbridge carries two-thirds of U.S.-bound Canadian crude and transports one-fifth of all-natural gas consumed within the U.S. market.

Beyond its well-known pipeline business, Enbridge also operates the third-largest natural gas utility on the continent and is invested in renewable energy facilities.

Pipelines are incredibly lucrative businesses. In short, Enbridge charges energy companies to transport crude and gas by volume through its massive network. As Enbridge charges by volume, and not by the price of the commodity being hauled, Enbridge is largely immune to any volatility in oil pricing. Additionally, the constant, if not rising demand for pipelines adds an element of long-term security to Enbridge as an investment.

Profits, growth, opportunity

In terms of results, in the most recent quarterly update, Enbridge reported strong GAAP earnings of $949 million, or $0.47 per share, which was a massive improvement over the GAAP loss of $90 million, or $0.05 per share, loss reported in the same quarter last year. On an adjusted basis, Enbridge earned $1,124 million, or $0.56 per common share.

In addition to that already impressive portfolio, Enbridge is constantly expanding its existing pipeline network and planning for new pipelines. One of the most well-known of these projects is the Line 3 replacement project, which consists of both a Canadian and U.S. segment.

As of the most recent quarterly update, the Canadian segment of Line 3 is ready to be placed into service while work and regulatory approvals are ongoing for the U.S. segment.

Beyond the Line 3 segment, Enbridge has a number of other projects in its portfolio, all at various stages of approval that collectively are valued in the billions.

Why you should consider Enbridge as a core holding

As long as those pipelines continue to operate, Enbridge is generating revenue. That trend doesn't seem likely to end anytime soon, meaning that Enbridge will remain a key player in connecting the oil-rich regions of Alberta to U.S. refineries.

That toll-booth like revenue has one final advantage to investors – it fuels Enbridge's very attractive quarterly dividend. The stock currently carries an attractive yield of 5.84%, which puts it near the top of dividend-paying investments.

Even better is the fact that Enbridge has provided generous annual upticks to that dividend, and is expected to continue that trend over the next few years.

In other words, buy it, hold it, and get rich.

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