



Why I Bought This Stock in 2019 — and Will Buy More in 2020

Description

2019 will be remembered as a strange year. We had more Brexit drama, a federal election, trade wars, pipelines, a rail strike and ample coverage of the whistle blower.

From a market standpoint, most of us have forgotten the sharp losses that portfolios took last Christmas, mostly because that drop was met with a sudden and strong recovery in January that played out across the year.

That drop provided investors an opportune moment to buy into some of the best-performing stocks on the market at highly discounted rates.

One such investment is **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)), which, despite realizing a 25% gain in 2019 and now trading near its 52-week high, remains an incredible buy for [long-term investors](#) looking to 2020 and beyond.

Here's what you need to know about Enbridge

Most investors are familiar with Enbridge as a pipeline company, but not many know just how big and diversified the company really is.

In short, the energy infrastructure company is one of the largest on the planet with a massive pipeline network that connects the oil-rich regions of Alberta to refineries and storage tanks running down to the U.S Gulf coast and across Canada.

The important point to note here is that Enbridge charges use of its pipeline network based on the volume of the commodity being transported, not by the price of that commodity.

In other words, regardless of which way the price of oil moves, Enbridge collects a steady (if not growing) stream of revenue. That lucrative pipeline network is often compared to the passive revenue-generating capability of a toll-road network.

As impressive as that sounds, there are other noteworthy advantages to mention, such as Enbridge's lucrative backlog.

The company has a backlog of shovel-ready projects with a value near \$10 billion, and intends to keep funding those projects to the tune of several billion dollars annually.

The largest of those projects is the often-mentioned Line 3 Replacement program, and another notable example is the Spruce Ridge expansion set to open in 2021.

Keep in mind that as each of those projects comes online, they become a new route on that toll-road network, generating more revenue for the company, which in turn feeds the outstanding dividend on offer.

The current quarterly yield amounts to a mouth-watering 6.22% yield, which is something that should attract almost any income-seeking investor.

Finally, there's also the fact that Enbridge continues to provide healthy annual upticks to that already [attractive dividend](#). By way of example, for 2020, that bump should come in just under 10%.

Final thoughts

The stock may be trading a little rich for some at the moment given its stellar rise in 2019, but the growth and income-producing prospects for Enbridge for 2020 and beyond remain huge.

In my opinion, Enbridge is a great long-term investment. Buy it, hold it and watch that toll-booth like income make you rich.

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