



## Smart Investing Tips: How To Handle Your FOMO

### Description

Fear of missing out (FOMO) is real.

Investors focus on generating market-beating returns all the time. However, looking at stocks you've missed out on can be distracting. Investors often focus on losses in their portfolio rather than the gains. I understand that completely.

Many investors today are focused on finding the next 10-bagger instead of generating a double-digit compound annual growth rate (CAGR) in their portfolio. This can be a dangerous perspective. I believe this strategy could be very painful for investors if we see volatility pick up again in financial markets.

In this article, I'm going to highlight why **Enbridge Inc.** ([TSX:ENB](#))([NYSE:ENB](#)) is a great way to stay defensive. Similar, long term growth stocks allow investors to avoid the temptation to do something reckless like chase returns.

### Dividends still matter

Enbridge is one of the best dividend options for investors with a long-term focus. The company has an incredible 7% dividend yield. This allows investors to be paid to wait for a recovery in this sector.

Should Enbridge's valuation decline due to further uncertainty around oil prices and sector-specific weakness, this yield will rise. More money will be pushed into [high-quality names like Enbridge](#). The company has been stable and consistent with paying and increasing its dividend over time. I see this as a huge plus for conservative long-term investors (with or without an income mandate).

### Fundamentals are solid

Enbridge is my favourite name in the pipeline space — due in large part to incredible fundamentals. The company is trading at approximate eight times cash flow. This is an extremely low valuation when one considers the multiples other technology companies are trading at today.

The idea that one can obtain equity in one of the best large cap Canadian companies for only eight years' worth of cash flow (not even earnings) is amazing. It's simply one of the best returns on the **TSX** today.

## Worries overblown

The near-term concerns around commodity prices and the associated counterparts risk these energy prices provide pipelines is understandable. Not every company will make it through this period of low energy prices.

That said, many mid- to small cap producers have hedged their books to a great degree. Most will not experience significant cash flow declines until later this year.

West Texas Intermediate (WTI) oil is now trading above U.S\$40 per barrel at the time of writing. Also, Western Canadian Select is trading above US \$30 per barrel. While these levels are still below the breakeven for many smaller, higher-cost producers, at these levels insolvency/counterparty risk is pushed out a ways further, lessening the immediate risk for investors.

Furthermore, Enbridge's counter-parties it contracts with are mostly high grade, low cost large cap producers with the balance sheets and cash to support production levels. Additionally, the contracts Enbridge has with said producers are mainly take or pay or cost of service contracts. These are difficult to break and provide the aforementioned cash flow security which is of utmost importance to long-term investors today.

## Bottom line

I am certainly on the bearish end of the investor spectrum. I don't expect all investors to fall into this group, and many may wish to place their bets on higher growth names available in the market today.

That said, for those who are bearish and yet want to retain market exposure, considering an investment in Enbridge is a great start. Enbridge is one of the few companies I remain highly bullish on from a long-term value perspective, despite relative share price underperformance in recent years.

Getting paid to wait for a return to value investing from the broader investment community is a great way to retain upside potential long-term and avoid taking unnecessary risk today.

### CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Energy Stocks
4. Investing

## POST TAG

1. coronavirus
2. Covid
3. energy
4. growth
5. value investing

## TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. TSX:ENB (Enbridge Inc.)

## PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Sharewise
6. Yahoo CA

## Category

1. Coronavirus
2. Dividend Stocks
3. Energy Stocks
4. Investing

## Tags

1. coronavirus
2. Covid
3. energy
4. growth
5. value investing

## Date

2025/06/29

## Date Created

2020/08/19

## Author

chrismacdonald

default watermark

default watermark