



Got \$1,000? Buy and Hold This 1 Classic Dividend Stock

Description

Don't be embarrassed if you only have \$1,000 to invest in the stock market. The money is enough to make a [single stock purchase](#). Also, it's like planting a tiny seed that can grow into a huge plant over time. The TSX is home to one classic dividend stock that you can buy and hold for decades, if not eternally.

The name that stands out for investors with limited funds is none other than **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)). This energy stock is perhaps the only option in the volatile industry that can deliver superior shareholder value. For income investors, the 7.32% dividend yield is fantastic. If you plan to [maximize your TFSA in 2021](#), Enbridge is the hands-down choice.

Investment thesis

I will dwell on the value proposition to convince you that a \$1,000 or \$100,000 investment in Enbridge will go a long way. The \$91.66 billion firm boasts of the best-in-class infrastructure franchises. Its hallmarks are a highly resilient business model and longevity of cash flows.

If you're looking to the future, Enbridge's long-term growth outlook is transparent. The diversified asset base opens the door to significant opportunities for organic growth. Furthermore, the balance sheet is strong owing to the growing investable free cash flow.

Business segments

Break down the business segments, and you'll see Enbridge's competitive advantage in each. The company transports 25% of North America's crude oil through its vast liquids pipeline network. In the gas transmission segment, 20% of natural gas consumed in the U.S. passes through Enbridge's pipelines.

The gas distribution segment is the largest in the region based on yearly deliveries. Enbridge is likewise into renewable power, where this business segment is now the 12th largest in North America.

Currently, the contracted renewable energy capacity is 1.6 GW.

Dividend growth

Enbridge investors are content with the energy stock's dividend-growth streak. The yield has grown at a 10% compound annual growth rate (CAGR) over 26 years. This feat demonstrates management's commitment to returning capital to shareholders consistently.

The diversified secured capital program from 2020 to 2023 is \$16 billion. Spending to date is \$6 billion, with a \$10 billion balance more to spend through 2023. Enbridge expects the said program to drive cash flow growth between 5% to 7% during the period. Since 1995, Enbridge has generated 15% in total shareholder returns.

In a nutshell, the company's priorities are preserving financial strength, sustaining dividend growth, and continue the search for organic growth opportunities. The energy sector is outperforming the TSX (+8.94% versus +5.33%) thus far in 2021, a welcome sight considering the sector's weakness last year. Meanwhile, Enbridge is doing better with a year-to-date gain of 12%.

Wealth builder

Enbridge is a no-brainer choice regardless of your investment budget. You can start with a \$1,000 capital and accumulate more shares as you go along. This classic dividend stock will not disappoint would-be investors. Also, it's for keeps; just keep receiving the dividends.

You can bank on the company's proven track record and formula for success. Financial strength and flexibility plus a low-risk business model and disciplined capital allocation equal superior shareholder returns. There's no need to look elsewhere, because Enbridge is the ultimate wealth builder.

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