



1 Top TSX Energy Stock to Buy Today

Description

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) has been one of my [top picks](#) in the energy sector for quite some time.

For investors who are looking to add defensiveness and income to their portfolio, there's hardly a better option right now. Indeed, this stock is an excellent option for those who are approaching or in retirement. Here's why I believe Enbridge remains a top buy for investors as of today.

Enbridge's dividend yield provides stable, long-term total returns

Canadian investors have long considered Enbridge as a core portfolio holding for various reasons. Of these, Enbridge has been viewed as a long-term growth play on the ability of the company to expand its portfolio of pipeline assets.

Well, the Biden administration has poured some ice-cold water on that growth catalyst of late.

Most investors and analysts have come to the realization that growth via massive infrastructure spending in the pipeline space will be a headwind for growth over the long term. Accordingly, I would argue that the investment dynamic of Enbridge has changed somewhat in recent years.

Indeed, Enbridge stock is now viewed as an income play more than ever. With a dividend yield of 7.2% at the time of writing, that makes sense. This high-yielding energy infrastructure company is one that produces bond-like income for investors. For those in or nearing retirement, that's a great thing.

For long-term investors who are still a ways away from retirement, this is still a great thing. Enbridge is still expected to grow its dividend over time, albeit at a slower rate. Given a +7% dividend yield and some very modest capital appreciation, I think it's entirely reasonable to expect double-digit total returns over the long haul.

Calvados offshore wind project represents plenty of upsides

There's no doubt that Enbridge's pipeline division is one of the primary reasons why investors should consider this stock.

However, this company's renewable energy portfolio represents tremendous upside for long-term investors today. Many investors may not know that the company's looking to diversify its core holdings away from its traditional asset base. I think this is a smart move, and one long-term ESG-oriented investors could get behind.

In February, the company revealed that it would start construction work on the France-based Calvados wind farm. As per reports, the cost of this 448 MW project is roughly \$2.4 billion. This displays Enbridge's desire to transition its energy transportation business to greener pastures over time.

This move toward renewables could also provide a shot in the arm for much-needed growth over the long term. The company hopes to grow its earnings in the 5-7% range long term. Accordingly, these investments could be key catalysts to getting Enbridge to its long-term goals.

Bottom line

Enbridge remains an excellent income option for investors today. However, I also like this company's long-term growth thesis right now.

Enbridge is making all the right moves in a regulatory environment that isn't very friendly to pipelines today. Indeed, for those looking for a core portfolio holding today, I'd highly recommend considering Enbridge at these levels.

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