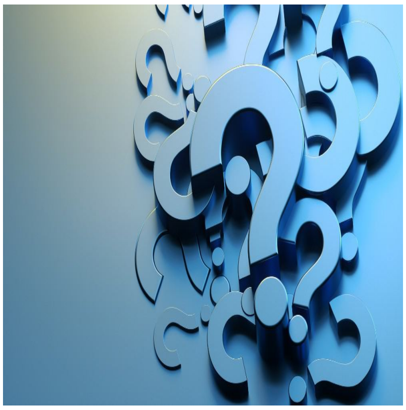

Could Enbridge (TSX:ENB) Be a Canadian Millionaire-Maker Stock?

Description

What a massive fall from grace it's been for shares of **Enbridge** (TSX:ENB)(NYSE:ENB), which have been under considerable pressure ever since oil tumbled off a cliff back in 2014. The coronavirus crisis was a new low for the Canadian pipeline kingpin, yet the shareholder-friendly management team managed to keep its dividend promise with investors.

The recent surge in green energy stocks and the continued distaste for anything related to the fossil fuel industry, I believe, has opened up a massive window to buy Enbridge at a wide discount to its intrinsic value. Although Enbridge isn't in the sexiest industry out there, its cash flows don't lie. With West Texas Intermediate (WTI) prices climbing again, the former dividend darling has a handsome risk/reward for upside-seeking and income investors alike.

Still capable of being a millionaire-maker stock?

The answer ultimately depends on how much you're willing to invest. If your principal is in the mid-six-figures, then sure, Enbridge stock could turn it into a million over the next five years or so. If you're looking to invest a modest amount, like $10,000, then, no, I don't think Enbridge stock will turn the sum into a million, at least not within the next several decades.

You see, fossil fuels are on the secular decline. Many firms and governments are putting forth some pretty ambitious "carbon zero" targets. With more money flowing into electrification and renewable energy sources, fossil fuel stocks across all streams will be under pressure over the next few decades.

Still plenty of rally fuel left in the tank

It's tough to invest in a firm in an industry in secular decline, but it's worth noting that the transition to sustainable energy isn't going to happen over the course of months but over years and decades.

In essence, Enbridge and its peers still have plenty of gas left in the tank, and those who invest in the name at these levels could punch their ticket to a swollen, growing dividend (yields 7.3% at the time of writing) alongside a shot at outsized gains over the next year and decade. And that's despite the secular headwinds that I believe are already more than baked into the share prices of most fossil fuel stocks these days.

The case for getting greedy with Enbridge stock

While Enbridge may not be a millionaire-maker stock, it's a deep-value dividend play that ought to be atop your shopping list. The stock market is getting pretty expensive these days, but that doesn't mean opportunities don't exist. Enbridge stock is a prime example of a deep-value play in an expensive market.

Energy stocks are recovering from the coronavirus crisis, and they're likely to continue leading the way in 2021 and 2022 on the back of higher oil prices and a growing preference for neglected value stocks over overextended growth stocks.

Enbridge has a well-supported dividend, and it's likely to grow at an above-average rate through the 2020s. The oil and gas industry is finally getting some tailwinds, and with interest rate hikes to be expected over the next few years, I think Enbridge and its midstream peers will be hot commodities once again.

The pipelines are less sensitive to interest rates, and they ought to be viewed as a must-buy for income seekers looking to profit from an improving commodity environment.

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