4 Reasons to Buy Enbridge (TSX:ENB) Now

Description

Finding the perfect mix of income and growth stocks can be a daunting task at times. Many times, finding an ideal growth stock comes at the expense of a viable income stream. Fortunately, there are stocks that can provide both growth and income-earning potential. One such stock is **Enbridge** (TSX:ENB)(NYSE:ENB), and here are several reasons to buy the stock now.

Reason #1: Defensive stability

Enbridge is predominately known for its massive pipeline network. That pipeline network transports one-quarter of all the crude produced in North America. Additionally, the network is responsible for transporting one-fifth of all the natural gas consumed in the U.S.

The scale of that network provides a massive defensive moat that should appeal to any investor. Adding to that appeal is the fact that Enbridge doesn't charge customers based on the commodity price. What this means is that irrespective of which direction oil prices go, Enbridge will generate a stable revenue stream.

Of all the reasons to buy Enbridge, a solid defensive moat should be high on any investors' list.

Reason #2: There's real growth potential right now

Despite that incredible moat, Enbridge wasn't entirely immune to the pandemic-induced crash we saw last year. Like all businesses, Enbridge has been clawing back those losses. Year to date, the stock has surged well over 22%, making it one of the better-performing stocks on the market.

Incredibly, those impressive gains are still far short of Enbridge's pre-pandemic price point. This means that potential investors can still purchase Enbridge at an undervalued price right now. In fact, the stock is now trading just over 5% over where it was two years ago. Keep in mind that Enbridge operates a very stable and recurring business model that is only going to grow over the next few years.

Reason #3: Long-term future potential

Critics of Enbridge often point out the company's reliance on fossil fuels. And while that reliance is noted, those critics are often unaware of another growing segment of Enbridge.

Specifically, Enbridge has a growing renewable energy arm. In just under 20 years, Enbridge has invested over $7 billion towards growing its renewable energy portfolio. Today, that portfolio consists of over 35 facilities which include solar, wind, hydro, and geothermal elements. Collectively, those facilities have a net generating capacity of over 2,000 MW. To put it another way, Enbridge's renewable facilities can power approximately 940,000 homes.

Also worth noting is that Enbridge is continuing to expand its renewable segment, through acquisitions, partnerships, and new construction. Given the growing importance of renewables, this could be one of the biggest reasons to buy Enbridge, but there's still more.

Reason #4: Earn some income

Now that we've mentioned current and future growth prospects, let's take a moment to mention Enbridge's income potential. The company provides investors with a juicy quarterly dividend, which currently works out to an impressive 6.66% yield.

This not only makes Enbridge a great income stock for investors looking for an income, but also a lucrative one for those not ready to draw on that income yet. Oh, and let's not forget that Enbridge is a Dividend Aristocrat that continues to provide handsome annual or better upticks to that dividend.

To put that earning potential into context, a $30,000 investment would provide investors with just shy of $2,000 in income. Reinvesting those dividends until needed will provide even greater gains.

Want more reasons to buy Enbridge?

Enbridge is the perfect stock to add to any well-diversified portfolio. It can cater to both growth and income-seeking investors, and both are on a solid path to further gains. The company also has a well-diversified business model that includes not only its pipeline and renewable energy business but its position as a large utility.

In other words, if Enbridge isn't in your portfolio yet, in my opinion, you should buy it now.

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Date
2025/06/29
Date Created
2021/07/10
Author
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