



Is Enbridge the Best Canadian Dividend Stock to Buy in 2022?

Description

Building your portfolio with some of the best Canadian dividend stocks in 2022 is an excellent way to invest for the long term.

Not every stock you own might pay a dividend. But building a core portion of your portfolio in highly safe and resilient businesses that can return you passive income while also earning you capital gains will ensure you optimize your long-term potential.

This way, a large portion of your portfolio is invested in safe companies but can also still grow well. So, if you're looking for one of the best Canadian dividend stocks to buy now, here's why **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) is an excellent choice.

Enbridge

Enbridge is best known for its pipeline business, and rightfully so. Its pipeline business makes up more than half of its operations. However, in addition to its pipeline assets, Enbridge has several other segments, which is why the \$106 billion energy giant is one of the best Canadian dividend stocks to buy in 2022.

On top of its liquids pipelines and gas transmission, it also has midstream services, gas distribution, and storage, and a renewable power segment.

And not only does it have a tonne of operations that are well diversified, including its rapidly growing green energy portfolio, but the fact that energy is such a crucial sector in our economy makes Enbridge an incredibly defensive stock.

And going forward, in addition to the fact that the Canadian Dividend Aristocrat continues to look robust, it also has a tonne of opportunities to continue growing, which is why it's one of the best Canadian dividend stocks to consider in 2022.

Is Enbridge the best Canadian dividend stock to buy for 2022?

At Enbridge's recent investor day, the company reiterated much of its guidance — a positive sign. In addition to investing another \$6 billion in growth this year (a normal amount for Enbridge), it's also expecting that its distributable cash flow will continue to grow at a compounded annual growth rate of 5-7%.

This is what allows the company to consistently increase its dividend, which it's done every year for over a quarter-century now.

This consistent growth in distributable cash flow is thanks to the fact that Enbridge is a major cash cow that's constantly generating tonnes of capital. In addition, it also shows the consistent growth the business is finding. For example, in just the last 11 years, Enbridge's mainline capacity has grown by over 50%.

So, even when uncertainty hits, the company should be able to weather the storm and stay the course, much like it did through the pandemic.

Today, its dividend yields an incredible 6.6%, and according to its guidance, the highest its [payout ratio](#) of distributable cash flow should get this year is just 66%. So, clearly, if you're looking to buy a high-quality dividend stock for 2022, Enbridge is one of the best to consider.

Bottom line

Although Enbridge is an excellent stock, it doesn't necessarily mean it's a buy for every investor. If you're still on the fence about Enbridge, here are a couple of facts to consider.

While the stock will still offer growth over the long run, because its [market cap](#) already exceeds \$100 billion, the stock's growth going forward likely won't be too significant. However, what you compromise in growth potential, you make up for in safety. Energy is one of the most important sectors, and Enbridge is at the heart of it.

In addition, the company should continue to provide consistent annual dividend increases thanks in large part to the fact it's such a major cash cow.

So, if you're looking for a high-quality stock you can buy in 2022 and hold for years, Enbridge is certainly one of the best Canadian dividend stocks to consider.

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