



My Top 2 Energy Stocks to Buy and Hold Forever

Description

Energy is one of the most critical industries in our economy, making it an industry that's crucial to invest in. But like every other industry, some energy stocks are better to buy than others. Similarly, some energy stocks are far riskier than others.

Because many energy stocks can be impacted by commodity cycles, it's crucial to pick your stocks wisely. The companies that see their profits expand rapidly and share prices gain considerably when commodity prices rise are the same stocks that will likely see major selloffs when the market cycle is going the other way.

So, finding high-quality companies with operations that are critical and highly defensive is an excellent way to ensure you're buying the best business that you can have confidence owning for the long haul.

Therefore, if you're looking to add some energy stocks to your portfolio today, here are two of my top stocks to buy now and hold forever.

One of the top Canadian stocks to buy, energy industry or not

One of the best energy stocks in Canada, **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) is, unsurprisingly, one of the largest and most defensive. Because of this size and quality, Enbridge is one of the top energy stocks to buy in this environment and one of the best to hold forever.

Without energy, our economy would cease to exist. So, it goes without saying that the energy industry is essential. And with Enbridge's massive operations spanning North America, it plays a crucial role in this essential industry.

This makes Enbridge incredibly safe. And because many of the assets that it builds earns the company revenue for years and require little maintenance, Enbridge is constantly bringing in tonnes of cash flow.

This allows Enbridge to increase the [dividend](#) each year while continuing to invest in growth. And with much of Enbridge's current investments going toward green energy, it's certainly one of the top

Canadian energy stocks to buy and hold forever.

And on top of everything else, in this uncertain market environment, the fact that Enbridge stock offers a current [yield](#) of 6.1% makes it a highly compelling investment.

An excellent energy stock to own in today's market environment

If you're looking for top energy stocks to buy that are more exposed to energy production and have more growth potential, my recommendation is **Freehold Royalties** ([TSX:FRU](#)).

Freehold is a lower-risk energy stock, but it's crucial to understand that it's much more exposed to commodity cycles than Enbridge. So, as prices are rising, and as the output of oil and gas in North America increases, Freehold stands to see some significant gains.

This exposure goes the other way, too, though. At the start of the pandemic, much like many other energy producers, Freehold was significantly impacted by the pandemic.

However, it was more than just the falling prices that impacted Freehold. Production curtailments that were put in place due to the limited amount of energy demand in the initial economic shutdowns had a significant impact on Freehold's financials. However, shutdowns and curtailments that severe were unprecedented at the time and, going forward, are unlikely to happen again to that degree for quite a while.

Freehold offers investors a lower-risk way to gain exposure to the energy industry, and the stock pays out a dividend that yields over 6.5%. If you're looking to buy top energy stocks now, Freehold is certainly one of the best to consider.

CATEGORY

1. Energy Stocks
2. Investing

POST TAG

1. Editor's Choice

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1. NYSE:ENB (Enbridge Inc.)
2. TSX:ENB (Enbridge Inc.)
3. TSX:FRU (Freehold Royalties Ltd.)

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Author

danieldacosta

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