



Why You Should Buy Enbridge (TSX:ENB)

Description

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) is one of the best long-term options you can add to your portfolio. Here's why you should buy Enbridge as part of your well-diversified portfolio.

Meet Enbridge

Enbridge is often mentioned as one of the best long-term options on the market, appealing to both growth and income investors. And while Enbridge is best known for its pipeline and utility segments, there are other areas equally as appealing.

For those that are unfamiliar with the company, Enbridge is a true energy infrastructure behemoth. The well-known pipeline network is one of the largest on the continent, generating a stable and recurring revenue stream for the company. In fact, that pipeline network is so immense that it transports nearly one-third of all crude produced in North America as well as one-fifth of the natural gas needs of the U.S.

Keep in mind that Enbridge charges for use of that pipeline network and not by the price of the commodity. In other words, irrespective of fluctuations in the price of oil, Enbridge still generates a steady stream of revenue. Isn't that reason enough why you should buy Enbridge?

That same necessity applies to Enbridge's utility business. Enbridge operates one of the largest natural gas utility businesses on the continent. Today, that segment serves nearly 15 million people across both Ontario and Quebec.

One of the most interesting segments that is often dismissed is Enbridge's renewable energy business. Over the past two decades, Enbridge has invested over \$8 billion in establishing a renewable energy network.

Enbridge's renewable energy portfolio has a capacity of over five GW, including a net 2.1 GW of zero-emission energy. That works out to the needs of over 960,000 homes. In total, Enbridge's global renewable network comprises wind (onshore and offshore), solar, hydro, and geothermal elements.

With the growing need for renewable energy sources, Enbridge's growing investment in the segment remains an avenue for significant long-term growth.

That factor alone justifies why you should buy Enbridge, but there's still more.

What about income?

One of the main reasons why investors continue to flock to Enbridge is the company's dividend. Enbridge offers investors a quarterly payout that currently works out to an appetizing yield of 5.88%.

Putting those earnings into context, a \$30,000 investment in Enbridge will generate an income of over \$1,750 just in the first year. Factoring in reinvestments and future dividend increases will quickly see that figure rise further.

Oh, and speaking of dividend increases, that's another reason you should buy Enbridge. The company has set a precedent of providing handsome annual increases spanning back nearly three decades.

This factor alone makes [Enbridge a great option](#) for any well-diversified portfolio.

Should you buy Enbridge?

No stock is [without risk](#), and that includes Enbridge. What Enbridge does offer, however, are multiple (and defensive) business segments, solid growth prospects, and a handsome (and growing) income.

In short, Enbridge is a great long-term stock you should buy now and hold for decades.

CATEGORY

1. Energy Stocks
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