



Enbridge: 1 of the Best Canadian Stocks You Can Buy and Hold for the Long Haul

Description

When most Canadians begin investing and putting their money to work, they often assume that they need to buy low and sell high in order to make a profit. However, as is pointed out by Warren Buffett, the greatest investor of all time, the best Canadian stocks you can buy are actually companies that you never have to sell, such as **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)).

[Warren Buffett's](#) exact quote says, "Our favourite holding period is forever." When you find companies that are highly reliable and constantly growing their operations, there should be no reason to sell.

And in the case of Enbridge, the massive energy giant, the company and its operations are so crucial to the North American economy that it's a stock that has decades of potential.

But why are Enbridge's operations so important, and why does that make it one of the best Canadian stocks to buy?

Enbridge is at the heart of the North American economy

The reason why Enbridge is so crucial to the North American economy is the same reason why it's one of the best Canadian stocks to buy and hold for the long haul.

First off, it's highly diversified. This helps to lower risk, but it also allows Enbridge to benefit in different ways as market conditions change. For example, during the initial part of the pandemic, when energy prices were ultra-low, Enbridge's energy services were making tonnes of money.

Fast forward to today, where energy prices are much higher, conditions are better for its pipeline segments, and its energy services are now earning less income.

For investors, all that matter is that the stock can stay resilient and continue to grow. And that's exactly what we've been seeing. Because in addition to its operations, which are extremely important to the North American economy, Enbridge continues to invest excess cash flow in expanding its portfolio.

Lately, that's included tonnes of investments in renewable energy as the Canadian stock looks to the future.

So, with Enbridge operating well and continuing to expand its portfolio, it's certainly one of the best Canadian stocks you can buy. But for investors that have cash ready to invest today, you may be wondering whether Enbridge trades at an attractive valuation.

Does Enbridge's valuation make it one of the best Canadian stocks to buy now?

Because Enbridge is such a high-quality and reliable company, it's sold off much less than many other stocks this year. For one, the energy industry has had stronger tailwinds than any other sector for the majority of this year. In addition, though, investors are looking for high quality and reliable stocks exactly like Enbridge.

Why? Because in economic environments such as today, where risk and uncertainty are higher than normal, investors want to ensure their portfolio is full of highly reliable investments.

Therefore, Enbridge stock currently trades less than 7% off its high. However, even without much of a discount, the energy stock still trades at a reasonable valuation.

As of Thursday's close, Enbridge traded at a forward price-to-earnings (P/E) ratio of 18.3 times. That's roughly in line with its average P/E ratio over the last five years and below its 10-year average of 21.3 times.

In addition, it's trading at a forward [enterprise value](#)-to-EBITDA (earnings before interest, taxes, depreciation, and amortization) ratio of 12.7 times. That's again right in line with its average valuation over the last five years. It's also below Enbridge's 10-year average of 13.7 times.

Therefore, although Enbridge doesn't trade unbelievably cheaply, it certainly offers the opportunity for many Canadians to initiate a position, even in this environment, where it's one of the best and most reliable Canadian stocks you can buy.

And, of course, one of the main reasons to buy Enbridge is thanks to its attractive dividend, which currently yields 6.2% and has been raised every year for more than a quarter century.

So, if you're looking to shore up your portfolio and find high-quality Canadian stocks that you can buy and hold for years, then Enbridge continues to be one of the first stocks I would recommend.

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