Market Slump Got You Down? Buy This 1 Dividend Behemoth

Description

Many new investors have been discouraged by the recent market selloff. It's incredibly humbling to see such a speculative boom in 2021 turn into such a bust. Though many new investors are likely looking at considerable losses, there were big lessons to be learned.

Most notably, momentum stocks can reverse abruptly, and as quickly as they rise, they can drop, leaving chasers holding the bag. Indeed, the higher a hot security climbs, the more room it has to fall. That's the gravitational pull of Mr. Market.

Though not all stocks outperforming the broader indices are bound for a vicious bust, speculators who don't put in the homework should not be surprised when momentum reverses course after they've hit the buy button.

Mr. Market can be unforgiving to new investors. The "sexiest" assets tend to draw in crowds. As momentum builds, that tends to bring in more folks. And while there may be an attractive long-term growth story to be had, many will unknowingly be playing the game of greater fools (check out the Greater Fool Theory). The Greater Fool Theory suggests gains are only possible if another investor — "a greater fool" — is willing to pay a higher price, not for earnings or fundamental improvements, but for a chance at enjoying gains from a continuation of trend.

New investors: Shifting back to value

Chasing hot stocks is a dangerous game. The hottest tech stocks of 2020-21 have felt immense pain, with certain stocks shedding more than 75% of their value from peak to trough. That's not a decline due for a V-shaped recovery that the 2020 market rebound conditioned us to expect.

Indeed, investing can be downright painful for newbies who felt euphoric last year, when it was tough to lose money. Though losing money hurts way more than earning money of a similar magnitude, I think investors should view investing as a game of beating the averages. In a down year, strive to be down by less. That, in itself, is a win.

Enbridge (TSX:ENB)(NYSE:ENB) strikes me as an intriguing core holding for new investors looking to do well over time, regardless of what type of economic environment you think will be in store in 2023 or 2024.

Enbridge stock: A 6%-yielding dividend growing more than 10%

Enbridge stock is one of those dividend juggernauts that investors should always give a close look after a steep decline. The stock yields 6.13% today, with one of the most generous capital return policies in the midstream space. Undoubtedly, I've touted Enbridge as a firm "willing to swim to great lengths" for shareholders.

With energy tailwinds now at its back, Enbridge suddenly became the old market darling it used to be. The stock has a decent amount of momentum behind it, up more than 13% year to date, with a dividend destined to keep on growing (likely by a double-digit rate, given strong energy prices).

Recently, Enbridge finished a deal that will see it operate the Gray Oak oil pipeline in Texas. Enbridge now has a controlling 58.5% stake and will give the firm exposure to the Gulf Coast region. Indeed, the deal is one of many that could fund many dividend increases down the road.

It's hard to find 6% yielders capable of growing their payouts at a 10% rate (Enbridge averaged 10% in compound annual dividend growth over the last 27 years). Enbridge stock is a unique passive-income play that's great to bolster your portfolio for uncertain times.

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