



This TSX Stock Is Super Cheap and Pays a Monster Dividend

Description

The volatility that we've seen for much of this year has resulted in the market dropping nearly 15%. That dip has taken some otherwise stellar investments down with it for the ride. Many of those stellar investment stocks now trade at super cheap levels while continuing to offer what can only be called a monster dividend.

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) is a perfect example of one of those stellar investment stocks. Here's why you may want to consider this [energy sector](#) behemoth as part of your portfolio.

First, about that pipeline business...

Enbridge is best known for its iconic pipeline, which happens to be the most complex and longest system in the world. In terms of size, it spans just over 28,000 kilometres, transporting over 3 million barrels of crude across that system each day.

To quantify the sheer amount of crude traversing that system, here's a fact to put it into context. Enbridge hauls nearly a third of all the crude oil produced in North America. And that's not all. Enbridge also hauls one-fifth of the natural gas consumed in the U.S. market.

Incredibly, that's not even the best part of Enbridge's pipeline business.

Enbridge charges for *the use of its network* – rather than by the volatile price of the commodity being hauled. This means that irrespective of what oil trades at, Enbridge still generates a recurring revenue stream. And more importantly, the sheer importance of the crude and gas transported to the economy leaves little room for that demand to drop significantly.

In other words, Enbridge's pipeline business is incredibly defensive. It also continues to generate revenue for the company in a somewhat passive manner. In many ways, the business model is not unlike a toll-road network.

That reliable revenue stream also greatly aids in Enbridge's monster dividend (more on that in a

moment).

Enbridge does more than you think

As impressive as Enbridge's pipeline business is, few investors may realize that the company is diversified into other areas too. Enbridge operates one of the largest natural gas utilities in North America and also boasts a growing renewable energy portfolio.

That [renewable energy](#) business should be of particular interest to would-be investors. Over the past two decades, Enbridge has invested over \$20 billion into the segment. Today, that segment includes over 45 facilities located across Canada, the U.S., and Europe.

Those facilities include solar, wind, hydro, and geothermal elements. Collectively, they provide a net generating capacity of 2,175 MW, which is enough to power over 965,000 homes.

Growth in renewables is key to Enbridge's future, and the company continues to invest in new facilities. A recent example of this is Enbridge's acquisition of Tri Global Energy, announced last month. Tri Global is the third-largest onshore and offshore wind developer in the U.S. In terms of size, its development portfolio encompasses more than 7 GW of generating capacity.

The acquisition is key to unlocking future growth from Enbridge's renewable segment, which is in a word, huge.

What about that monster dividend?

Enbridge offers investors a monster dividend that is paid out on a quarterly cadence. The current yield works out to an incredible 6.92% yield. To put that earnings potential into context, on a \$40,000 investment, you will earn an income of \$2,768.

Prospective investors should keep in mind that opting to reinvest that income will see that investment grow considerably over the long term. In other words, Enbridge is a superb buy-and-forget option.

Oh, and speaking of long-term growth, investors should note Enbridge has provided an annual uptick to that juicy monster dividend for 27 consecutive years, with no plans to stop that tradition. That factor alone may be reason enough for income-seeking investors to act.

Final thoughts

No investment is without risk, and that includes a defensive investment like Enbridge, which has dropped nearly 5% over the trailing 12-month period. That being said, Enbridge is one of the few investments on the market today that is outperforming the market.

As of the time of writing, Enbridge is trading near flat in 2022, making that monster dividend even more appealing.

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