



## This High-Yield Canadian Stock Is a No-Brainer

### Description

Is your portfolio diversified with an assortment of great [dividend stocks](#)? Even if the answer to that is a yes, all investors should look at this high-yield Canadian stock right now.

### That stock to buy may surprise you

The high-yield Canadian stock to buy is **Enbridge** ([TSX:ENB](#)). Enbridge is one of the largest energy infrastructure companies on the planet. The company also operates the largest and most complex pipeline system in the world, which generates a steady revenue stream.

In case you're wondering how large that pipeline system is, here's a quick fact to put it into context:

Enbridge transports one-third of all North American-produced crude. The company also hauls one-fifth of the natural gas needs of the entire U.S. market. As incredible as that sounds it's not even the best part.

Enbridge charges for use of its pipeline network, and those charges are not based on the price of the commodity being hauled. In other words, irrespective of which way the volatile price of oil goes, Enbridge generates a steady flow of revenue. And because of the sheer volume and impact on the entire economy, that pipeline network constitutes an impressive defensive moat.

It's like a toll-road network that constantly generates a stream of revenue, and it continues to grow.

One recent example of that expansion is the B.C. gas pipeline system. Earlier this month, Enbridge announced a \$3.6 billion expansion initiative in that system, stemming from strong consumer demand.

That's not the only example of growth. Enbridge has a whopping \$17 billion in its backlog, with nearly \$10 billion of those projects set to start coming online in the next two years. That backlog includes not just pipeline expansion projects, but also storage tanks, gas transmission, and renewable energy initiatives.

## Enbridge isn't just about oil

Enbridge is known for its lucrative pipeline network, but the company offers much more. Over the past two decades, Enbridge has invested billions in establishing a [renewable energy](#) business.

Today, that segment comprises over 45 facilities located across the U.S., Canada, and Europe. Most of those facilities are wind farms, which include both on-shore and off-shore platforms. Rounding out that well-diversified portfolio, Enbridge operates solar, geothermal, and hydro-generation facilities.

In total, the renewable energy operation has a net generation capacity of 2,175 MW, which is enough to power over 965,000 homes.

That well-diversified approach has paid off well. In the most recent quarterly update, the company reported EBITDA (earnings before interest, taxes, depreciation, and amortization) of \$2.27 billion. This represents a \$370 million improvement over the same period last year.

## Dividends, dividends, dividends!

One of the main reasons why investors flock to Enbridge is the incredible dividend that the company offers. In short, Enbridge is *the* high-yield Canadian stock that investors should buy. Here's why.

Enbridge offers a quarterly payout that boasts an impressive yield of 6.38%. This makes the stock one of the highest-paying yields on the market. Enbridge has also provided generous annual upticks to that dividend for 27 consecutive years.

To put it another way, a \$40,000 investment in Enbridge will provide a first-year income of just over \$2,550. Investors not ready to draw on that income can [reinvest](#) it until needed, adding to that future income.

Oh, and let's not forget that over the past decade, the compound annual growth rate on that dividend was near 10%. Given the massive portfolio of projects spanning the next few years, that's a trend that is likely to continue.

## Enbridge: The ultimate high-yield Canadian stock?

No investment is without some risk, and that includes Enbridge. Fortunately, Enbridge does offer investors a very defensive and diversified opportunity with solid growth. That opportunity also comes gift-wrapped with one of the best yields on the market.

In my opinion, Enbridge is a stellar investment that should be a core holding of every well-diversified portfolio.

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