



## 3 Top Secular-Growth Stocks for 2016 and Beyond

### Description

It has been a rough start to 2016 as the turmoil surrounding China's economy weighs heavily on global stock markets. There is the ongoing uncertainty surrounding commodities that continues to sharply impact the energy patch and mining stocks.

As a result, investors can be forgiven for believing that 2016 will be a calamitous year for stocks.

There are, however, a number of stocks that are primed for growth regardless of the state of the global economy. These are the secular-growth stocks that are strongly positioned to benefit from a range of fundamental economic, demographic, and technological shifts.

### Now what?

The most prominent secular trend is the move to renewable sources of energy. Governments across the globe are introducing aggressive clean-energy targets and penalizing producers of greenhouse emissions.

This may be bad news for oil companies, coal miners, and electric utilities that are reliant on coal-fired power generation, but it is a powerful long-term tailwind for renewable energy companies. **Brookfield Renewable Energy Partners LP** ([TSX:BEP.UN](#))([NYSE:BEP](#)) is one of the best ways to play this trend.

It operates a globally diversified portfolio of renewable energy assets across North and South America as well as Western Europe that give it 7,000 megawatts of installed capacity. This portfolio is focused on hydroelectricity, making it one of the dominant players in that segment in North and South America. It is also expanding its portfolio of clean-energy assets with a focus on Western Europe, where governments are favourably disposed towards renewable energy.

Investors will also be rewarded by its juicy but sustainable 6% dividend yield as they patiently wait for Brookfield Renewable Energy to benefit from this trend.

Another important secular trend is the growing demand for high-speed mobile data among businesses and consumers.

The key beneficiaries of this trend are Canada's major telcos. **BCE Inc.** ([TSX:BCE](#))([NYSE:BCE](#)) will benefit the most because it possesses Canada's largest network and continues to broaden its suite of consumer and business services.

Furthermore, because of its size, dominant market share, and the fact that it operates in a heavily regulated and oligopolistic industry, it is able to act as a price maker rather than a price taker. This, in conjunction with its wide economic moat, helps to protect its earnings growth.

Then there is that tasty 5% dividend yield, which will reward investors as they patiently wait for its share price to benefit from this powerful tailwind.

The growing global demand for infrastructure is another important secular trend with the OECD estimating that a massive US\$53 trillion will need to be invested in transportation, telecommunications, and energy infrastructure by 2030 just to keep pace with demand.

A key beneficiary will be **Brookfield Infrastructure Partners L.P.** ([TSX:BIP.UN](#))([NYSE:BIP](#)). This is because it possesses a diversified portfolio of infrastructure assets spanning electricity transmission, gas pipelines, ports, toll-roads, and telecommunications that are located in developed and rapidly growing emerging economies.

With these assets forming important links in global logistics, communications, and transportation chains, demand for their usage can only increase as populations grow and global trade expands. This will boost earnings over time, giving Brookfield Infrastructure's bottom line a healthy bump and helping to sustain its healthy 5% dividend yield.

## So what?

It has been an unpleasant start to 2016, and while the outlook for some stocks remains poor, the long-term outlook for each of these companies is extremely positive. This is because the secular trends discussed will act as powerful tailwinds, driving higher earnings, while shielding them from cyclical economic forces. Over time, this will allow them to unlock considerable value for investors, making them important growth-oriented additions to any portfolio.

## CATEGORY

1. Investing

## TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:BEP (Brookfield Renewable Partners L.P.)
3. NYSE:BIP (Brookfield Infrastructure Partners L.P.)
4. TSX:BCE (BCE Inc.)
5. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
6. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)

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mattsmith

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