



3 Alternative Energy Stocks With Yields of 3-7% to Buy Today

Description

Alternative energy is the fastest-growing segment of the energy industry, so as a savvy investor, I had to search for ways to profit from this trend. I did just that and selected three stocks with high and safe dividend yields of 3-7% and room for further growth, so let's take a quick look at each to determine which would be the best fit for your portfolio.

1. Brookfield Renewable Energy Partners LP

Brookfield Renewable Energy Partners LP ([TSX:BEP.UN](#))([NYSE:BEP](#)) owns and operates one of the world's largest portfolios of renewable power-generation facilities. It currently has approximately 250 facilities across North America, South America, and Europe, including hydroelectric facilities, wind farms, biomass facilities, and natural gas-fired plants, and it has over 20 other facilities in development.

Brookfield pays a quarterly dividend of US\$0.445 per share, or US\$1.78 per share annually, which gives its stock a yield of about 6% at today's levels.

It is also very important to make two notes.

First, the company has raised its annual dividend payment for five consecutive years, and its 7.2% hike on February 4 has it on pace for 2016 to mark the sixth consecutive year with an increase.

Second, Brookfield has a target payout ratio of 70% of its funds from operations and an annual distribution growth target of 5-9%, so I think its strong financial position and its growing asset base will allow its streak of annual dividend increases to continue for the foreseeable future.

2. Boralex Inc.

Boralex Inc. ([TSX:BLX](#)) is France's largest independent producer of onshore wind power, and it is one of the largest producers of wind, hydroelectric, thermal, and solar power in Canada, the United States, and France. It currently has 63 facilities in operation and under development.

Boralex pays a quarterly dividend of \$0.14 per share, or \$0.56 per share annually, which gives its stock

a yield of about 3.4% at today's levels.

It is also very important to make two notes.

First, the company raised its dividend by 7.7% on February 24, and this puts it on pace for 2016 to mark the first year in which it has raised its annual dividend payment since it initiated its dividend in 2014.

Second, Boralex has a medium-term target dividend payout ratio of 40-60% of its discretionary cash flows (DCF), and it expects its DCF to reach \$70 million in fiscal 2017, an increase of approximately 45.7% from the \$48.1 million it generated in fiscal 2015, so I think it's safe to assume that its dividend will grow by a substantial amount going forward.

3. Just Energy Group Inc.

Just Energy Group Inc. (TSX:JE)(NYSE:JE) is an energy management solutions provider specializing in electricity, natural gas, solar, and green energy. It offers a wide range of energy products and home energy management solutions, including long-term fixed-price, variable price, and flat bill programs, smart thermostats, and residential solar solutions to customers in the United States, Canada, and the United Kingdom.

Just Energy pays a quarterly dividend of \$0.125 per share, or \$0.50 per share annually, which gives its stock a yield of about 6.5% at today's levels.

It is also very important to make two notes.

First, the company switched from monthly to quarterly dividend payments in September 2015, while also reducing its dividend rate from \$0.84 per share annually to its current \$0.50 per share annually. This move was made to ensure the strength of its balance sheet and to bring its payout ratio to a more suitable range of 60-65% of its base funds from operations.

Second, I think Just Energy's increased amount of base funds from operations, including its 55.9% year-over-year increase to \$94.4 million in its first nine months of fiscal 2016, and its reduced payout ratio, including 59.4% in the first nine months of fiscal 2016 compared with 112.6% in the same period in fiscal 2014, could allow it to raise its dividend within the next few months.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:BEP (Brookfield Renewable Partners L.P.)
2. TSX:BEP.UN (Brookfield Renewable Partners L.P.)

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