

## Want Income and Growth? Don't Miss This Stable Opportunity!

### Description

Some investors think that high-yield companies are slow growers. Well, there are always exceptions. **Brookfield Renewable Partners LP** ([TSX:BEP.UN](#))([NYSE:BEP](#)) is one of them.

It yields 5.6%, and it aims to grow its dividend by 5-9% per year. We'll take the midpoint of 7% growth. By investing \$10,000 today, investors can expect an income of \$560 this year and anticipate that income to grow to \$686 by year three.

### Outperforms in income and growth

Brookfield Renewable is not only a great income vehicle. Its growth is evident as well. For the one-, three-, and five-year periods that ended on March 31, the company delivered annualized returns of 4%, 16%, and 17%, respectively.

These results beat both the Canadian and U.S. market indices of S&P/TSX Composite and the S&P 500. In the same periods, they returned -7%, 5%, 2%, and 2%, 12%, 12%, respectively.

These results include dividend reinvestment. Brookfield Renewable has the advantage because it pays an above-average yield.

### The business

Brookfield Renewable owns and operates renewable energy generation facilities in seven countries across three continents. It has more than 10,300 megawatts of generating capacity across its 258 facilities.

It has 87% of its generation coming from hydropower facilities and 12% coming from wind power facilities. Geographically, 65% of its cash flows are from North America, 20% are from Brazil, 10% are from Colombia, and 5% are from Europe.

Brookfield Renewable generates stable cash flows as roughly 90% is contracted with inflation-linked escalations.

### The opportunity

Since Brookfield Renewable operates globally, it can invest for the best-valued opportunities when they arise. For example, during the credit crisis, it entered the European market. Currently, it owns 600 megawatts of wind-powered facilities there.

Along with its partners, Brookfield Renewable acquired a roughly 3,000-megawatt primarily hydro portfolio from the third-largest power-generation company in Colombia.

In this case, Brookfield Renewable saw a growth market with an undersupply of power and an

attractive entry point because of the deflated Colombian currency.

With 7,000 megawatts of global development projects lined up, Brookfield Renewable should continue its steady growth trajectory.

### **Growing dividend**

The company gave a dividend-growth guidance of 5-9% per year. Since 2011, the company has increased its distribution every year. In that period, the dividend increased at a compound annual growth rate of 6.5%.

Brookfield Renewable pays a quarterly U.S.-denominated distribution of 44.5 cents per share. At \$38.30 per share, it offers a strong 5.6% yield based on a foreign exchange of US\$1 to CAD\$1.20.

### **Conclusion**

Brookfield Renewable pays an above-average yield of 5.6% today. With a pipeline of development projects, it doesn't look like it'll slow down.

A \$10,000 investment today would pay an annual income of \$560 which could grow to \$686 by year three.

Brookfield Renewable is a good income and total return investment today. Any dips, especially to roughly \$36 per share or lower, would be great opportunities to invest in the company.

### **CATEGORY**

1. Dividend Stocks
2. Investing

### **POST TAG**

1. Editor's Choice

### **TICKERS GLOBAL**

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

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