



Revealed: This Upcoming Mega-Trend Could Make You Rich

Description

In the late 1990s, everybody jumped aboard the tech bandwagon, further inflating a bubble that ended very badly.

Amid the carnage in 2002 and 2003 were some terrific bargains. Shares of **Amazon.com** sold for under \$10 each before rising more than 10,000% to today's levels. Even uglier tech stocks such as **eBay**, **Yahoo**, and **Microsoft** were selling at prices that, in hindsight, turned out to be terrific long-term entry points.

The point is pretty simple. Investors who recognized the power of the web and who bought at non-insane multiples did pretty well. All they really needed to do was put their money to work and hold on.

I believe a similar trend is playing out today in renewable power. The sky is the limit for green power producers. Not only are we rapidly moving away from dirtier forms of fuel, but there are billions of people entering the middle class who can finally afford power-sucking devices like laptops, smartphones, and video games.

And then there's the potential demand from electric cars. It's only a matter of time until most vehicles on the road are running electric engines.

Here are three ways Canadian investors can benefit from this trillion-dollar long-term trend.

TransAlta Renewables

TransAlta Renewables Inc. ([TSX:RNW](#)) owns 36 different hydro, wind, solar, and natural gas power plants in Canada, the United States, and Australia. It also owns a 43% interest in a natural gas pipeline in Australia. Altogether, these facilities have more than 2,600 MW of generating capacity.

Renewables has done a nice job acquiring assets since its 2013 IPO, passing on the spoils to investors in the form of increased dividends. The annual dividend started out at \$0.75 per share, increasing steadily to \$0.88 per share in 2016. When its South Hedland project in Australia comes online—which is slated for some time in mid to late 2017—the dividend should be hiked again to \$0.94

per share.

That's great dividend growth for a company currently yielding 6.2%.

Brookfield

Brookfield Renewable Partners LP ([TSX:BEP.UN](#))([NYSE:BEP](#)) is one of the world's largest pure-play renewable energy companies, boasting a portfolio of more than US\$28 billion in assets, producing 10,700 MW of power in seven different countries across North and South America as well as Europe. Almost 90% of profits come from hydroelectric power.

The nice thing about Brookfield is its size. The company has the financial capability to take on huge new projects much larger than its peers. This structural advantage plus organic growth potential should allow the company to continue increasing the top and bottom lines at a nice pace as well as grow the dividend.

Since 2011 dividend growth has been rock solid with the company delivering increases that average 6.5% a year. Those increases, combined with a 5.8% current yield, are music to any dividend investor's ears.

Northland Power

Northland Power Inc. ([TSX:NPI](#)) owns thermal, wind, and solar power-producing assets mostly in Canada, but also in Germany. Its capacity today is 1,394 MW with 642 MW under construction in the North Sea off the coast of Germany and the Netherlands, which is scheduled to come online in 2017. The company has an additional 1,600 MW of long-term projects planned.

When both Gemini and Nordsee One come online, earnings before interest, taxes, depreciation and amortization are expected to more than double—a very nice increase. This will not only push the company's current payout ratio back to a comfortable range, but it likely means a nice dividend increase. Shares yield 4.4% today.

Northland's managers are putting much of their own capital at risk as well; they own some 35% of the company. Investors always like to see a big vote of confidence like that.

Don't miss out

The era of dirty coal-fired power plants is rapidly coming to an end. Forward-looking investors need to be looking towards future trends, and it's pretty obvious renewable energy is high on that list.

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.)

3. TSX:NPI (Northland Power Inc.)
4. TSX:RNW (TransAlta Renewables)

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