



Brookfield Renewable Partners LP: Don't Worry About Trump Here

Description

Many investors were expecting that Hillary Clinton, a politician who believes that global warming is a problem, would win the U.S. election. When Donald Trump, a climate change denier, won, it was expected that some investors of renewable stocks might feel a little disheartened for the future. If the president of the United States didn't believe in climate change, how safe were investments like **Brookfield Renewable Partners LP** ([TSX:BEP.UN](#)) ([NYSE:BEP](#))?

Fortunately, I don't believe we have to worry about that. While it's true that Trump might start to prioritize fossil fuels again, there has been so much development in renewable sources that, in some respects, the renewable option is the same price or cheaper than the non-renewable options. Therefore, Trump can yell until he is blue in the face that climate change isn't fact, but that doesn't mean he'll have an impact.

Therefore, when it comes to investing in Brookfield Renewable Partners, your focus needs to be on the fundamentals and if the business will continue growing around the world. And frankly, Brookfield Renewable Partners is one of my favourite assets, because it is dedicated to investing in high-quality renewable energy sources, but also because it is an income juggernaut.

It has 10,700 MW of capacity, of which the vast majority comes from the roughly 215 hydroelectric facilities around the world. The other sources include wind, biomass, and other assets that the company is developing. What's exciting is that it has 7,000 MW in its development pipeline with 160 MW currently in construction.

The big news that should have investors excited is the progress the company has made in its acquisition of **Isagen S.A.**, which the Colombian government owns. This is one of the country's largest hydroelectric companies, and Brookfield Renewable and institutional partners have been slowly acquiring it. Thus far, the group owns 84%, but it has made an offer to acquire the rest of the company. Should this go through, Brookfield Renewable will own 25% of the company, which generates 3,032 MW of electricity, or 20% of the country's electricity generation.

Brookfield Renewable also finished its acquisition of a series of hydroelectric projects in Pennsylvania

which generate 296 MW. Brookfield owns 30% of this, and it will generate 1.1 million MWh per year.

But the reason that investors really like buying Brookfield Renewable is because of the dividend, which has only gotten a little more appealing since Trump won the presidency due to the share price dropping. It pays \$0.58 per share a quarter, which is a highly lucrative 6.26% yield. But the dividend is getting larger. Since 2011, the dividend has increased by 6.5% per year, and management has a target of 5-9% in cash distribution per year, so I fully anticipate the dividend will continue to grow for quite some time.

When mixing politics and investing, it's easy to get caught up in the moment and think that a president will ruin everything. But the reality is quite simple: if the company is high quality and there is going to be continued demand for what it offers, it's important to invest based on fundamentals—not based on geopolitical fluctuations. And when it comes to Brookfield Renewable Partners, this company is definitely worth the buy.

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