



Get Fat Dividends and Save the World With This Income Stock Pick

Description

Since its debut in 2000, shares of **Brookfield Renewable Partners LP** ([TSX:BEP.UN](#))([NYSE:BEP](#)) have been a dividend investor's dream, providing consistently above-average yields with massive capital appreciation. Over the past 19 years, a buy-and-hold investor would have experienced a 500% return including dividends, all with less volatility than the overall market.

After a rare 15% drop in 2018, Brookfield Renewable now pays an impressive 6.9% dividend. Plus, management just cleared a plan with the Toronto Stock Exchange to repurchase 5% of the outstanding units.

The best part is that by investing in the company, you're helping to save the earth. Read on to see why Brookfield Renewable is right for your portfolio.

Saving the earth one asset at a time

You can think of Brookfield Renewable as a turnaround specialist. Its core strategy is to buy mis-priced renewable energy assets, invest to make them more profitable, and then hold them as long-lived, cash flow generating assets.

Occasionally, when market prices are attractive, it will also monetize certain assets by selling them outright to external buyers. This maximizes shareholder value while also providing non-dilutive forms of financing to pursue additional deals.

One of the keys to Brookfield Renewable's success is limited competition. Utilities are often the builders and owners of large-scale energy projects. Because utilities often focus on certain regions or power types, this can limit the amount of buyers for a specific asset. While a hydropower utility in California doesn't have much reason to buy solar energy assets in Australia, Brookfield Renewable has the flexibility to go anywhere, anytime, chasing the best deals on the market.

Most of Brookfield Renewable's assets are hydropower, an attractive asset to own considering there's less maintenance costs versus solar or wind operations. Plus, the life of the asset is significantly

longer, effectively providing income streams into perpetuity. For example, some hydropower assets today have been in service for more than 100 years. Wind power generally has an expected life of 30 years, while solar units lose generating capacity in as little as 20 years.

Expect outsized dividends for years to come

Brookfield Renewable targets an aggressive 12% to 15% long-term return for shareholders. While this may seem overly optimistic, Brookfield Renewable's skilled management team has been able to back up their claims for nearly two decades.

More recently, the company reported 18% growth in fund flows last quarter. This return was generated from well-timed asset sales as well as new assets put into operation. For example, the company put into service 130 megawatts of wind and hydro assets which have expected returns of 20% annually.

Additionally, more than \$600 million in assets were sold in 2018. According to CEO Sachin Shah, those asset sales "are at value significantly higher than those reflected in our public unit price, demonstrating the unique attributes of our business relative to the broader industry."

Since the company's founding nearly two decades ago, Brookfield Renewable has delivered 15% annual returns, at the high end of their target. With a long runway of global opportunities yet to tap, plus a proven execution record that continues to back ample financing options, expect Brookfield Renewable to continue its streak.

Don't pass up this opportunity to buy into its undervalued 6.9% dividend yield.

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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