



## Get Rich off Dividends: 3 Top Renewable Energy Stocks With Sustainable Dividends

### Description

As an income investor, it's your top priority to look for dividends that are not only big enough to meet your needs, but are also reliable enough to survive the harshest of economic conditions and conservative enough (lower-than-average payout ratios) to increase the odds and magnitude of potential dividend hikes over the near future.

Indeed, income investors are presented with a tough challenge. It's a balancing act between upfront yield, long-term growth, and sustainability. Fortunately, the renewable energy industry is able to offer income investors a perfect mix of all three, plus a major bonus: they're riding long-term secular tailwinds.

Think green.

As you're likely aware, we're moving away from fossil fuels and towards sustainable sources of energy. This transition has been rather slow, however, although there are incentives to accelerate the move towards greener energy sources. Moreover, as the millennial cohort, which values environmental responsibility over prior generational cohorts, becomes more influential with their pocketbooks, it's the environmentally-friendly firms that will be favoured over the fossil fuel firms of the past, more so as time goes on.

With that in mind, it only makes sense to check out the renewables as a source of your core income:

### Algonquin Power & Utilities ([TSX:AQN](#))([NYSE:AQN](#))

Of all three names in this piece, Algonquin has the lowest yield at 4.8%, but it's also the most promising with its robust, diversified portfolio of renewable energy and water utility assets, providing the perfect blend of [reliability and growth](#).

Through Liberty Power and Liberty Utilities, two important subsidiaries of Algonquin, there's over 1,050 MW of power with renewable energy plants that cover wind, solar, hydro, geothermal, and even gas. With 750,000 customers in the U.S. market and plenty of expansion opportunities, Algonquin is seen

as one of the highest quality green plays out there.

Compared to the other two renewables mentioned in this article, Algonquin caters to the younger, growth-savvier income investor who's willing to sacrifice a bit of yield today for big gains and generous dividend raises in the future.

### **Brookfield Renewable Partners** ([TSX:BEP.UN](#))

If you're a retiree who needs [a raise now](#), Brookfield could be your cup of tea. The stock has a 7.1% yield and a robust portfolio of sought-after assets. Although Brookfield's assets don't have the same calibre as Algonquin's water assets (you can't get more stable than a water utility), the forward-looking growth story definitely looks compelling, especially given the price you'll pay today.

For 2.2 times book, I think you're nabbing a quality company with a renowned management team at a vast discount to intrinsic value. The enhanced yield is just the icing on the cake.

### **TransAlta Renewables** ([TSX:RNW](#))

For those who want the most yield and wouldn't mind carrying a bit of baggage (perhaps in a longer-term aggressive portfolio), TransAlta is your horse. The stock sports a massive 7.7% yield, to go with a monthly payout for those who live on their income portfolio.

Most recently, TransAlta announced two top-line-driving projects in the pipeline, a Pennsylvanian wind facility that's slated to start spinning later in 2019, and a more massive wind farm expansion in Kent Hill, New Brunswick. Both facilities will allow TransAlta to loosen up its purse strings when it comes to the already generous payouts that are handed out to investors every month.

At 14.9 times forward earnings, and just 1.4 times book, TransAlta is one of the cheapest plays out there, and for those with patience and discipline, TransAlta could be the best pick on this entire list.

Stay hungry. Stay Foolish.

## **CATEGORY**

1. Dividend Stocks
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## **TICKERS GLOBAL**

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. TSX:AQN (Algonquin Power & Utilities Corp.)
3. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
4. TSX:RNW (TransAlta Renewables)

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