



Why This Energy Stock Should Be Core to Every Portfolio

Description

Contrary to what still remains a stereotypical view for many, renewable energy is now a viable and cost-effective way to power homes and businesses. Renewable energy solutions that include wind, solar, thermal, and a myriad of other means were labeled in the past as expensive, inefficient, and, in many ways, impracticable solutions to meet the growing energy needs of the market.

Fortunately, that's no longer the case. Renewable energy facilities are gaining in both numbers and popularity, replacing their fossil fuel predecessors with increasing frequency. For those investors looking to capitalize on both the need to provide a community with a source of power that is both stable and clean, the [opportunities are huge](#).

One such opportunity that currently exists is **Brookfield Renewable Partners** ([TSX:BEP.UN](#))([NYSE:BEP](#)).

Seasoned investors are likely aware of Brookfield Renewable as one of several spin-offs from **Brookfield Asset Management** — a well-known asset manager that lends its name to some of the largest real estate, infrastructure, and development projects on the planet.

Brookfield Renewable boasts a massive portfolio of 876 facilities scattered across both North and South America as well as in Europe and Asia. Collectively, those facilities provide over 17,400 MW of capacity, with over three-quarters of that capacity stemming from hydroelectric sources. Beyond Hydro, the company also has solar and wind assets and maintains storage and distribution facilities.

In terms of results, Brookfield Renewable released results for the fourth quarter of fiscal 2018 last month, which showcased both strong growth and opportunity for the company. Specifically, funds from operations (FFO) came in at US\$206 million, or US\$0.66 FFO per unit, surpassing the US\$143 million, or US\$0.46 per unit, reported in the same quarter last year. On an annual basis, Brookfield Renewable's FFO growth per unit came in at an incredible 14% higher than the previous year.

Despite those impressive gains, Brookfield isn't resting on its laurels either. The company has invested over \$500 million into a series of growth initiatives over the past year and has commissioned a series of new projects and developments, collectively comprising over 350 MW of additional capacity in

various stages of development.

In addition to the strong results and growth prospects, Brookfield Renewable also offers investors a handsome dividend. The quarterly distribution, which currently provides an annual payout of \$2.06 per share, received a healthy 5% bump in the most recent quarter, bringing the current yield to an appetizing 6.71%. That trend is likely to continue for the foreseeable future, as management stays the course with annual bumps of up to 9% over the next few years.

Opportunity: Buy Brookfield Renewable today

While there are plenty of reasons your portfolio could benefit from adding anything Brookfield, it comes down to the company offering something that there is sufficient demand for. In the case of Brookfield Renewables, the increasing need, if not utmost necessity, for new renewable energy facilities to replace aging fossil-fuel facilities should be reason enough to consider the stock.

Failing that, there's always that impressive dividend. There are few companies on the market today that offer a defensive investment that can couple a sustainable payout with that level of yield, yet still manage to see an equally impressive hike with each passing year.

In short, [buy it and forget](#) about it for a decade.

CATEGORY

1. Dividend Stocks
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