



Canada's Leading Renewable Energy Stock Combines Growth With High Yield

Description

A confluence of factors have helped **Brookfield Renewable Partners** ([TSX:BEP.UN](#))([NYSE:BEP](#)) strike a seemingly perfect balance between high growth and healthy dividend payouts.

At its current market price, Brookfield Renewable delivers a 6.45% dividend yield, making it one of the highest yield stocks on the Canadian market. Meanwhile, the stock has jumped nearly 29.7% since December 2018.

A series of savvy deals this year have given the company exposure to valuable renewable energy assets ranging from hydroelectric plants in North America to wind farms in rural India.

These deals place Brookfield Renewables at the forefront of an industry that is undoubtedly facing record demand across the globe.

Backed by one of the largest alternative asset management companies in the world and focused on the fastest-growing segment of the global energy market, Brookfield Renewable is a wealth creation engine for investors willing to hold on for the long haul.

Here's a closer look at the company's dividend sustainability and future growth prospects:

Dividend sustainability

A high dividend yield usually means that the stock is either under-priced or that the company is paying out more than it can afford. For Brookfield Renewable, both factors seem to be having an impact on its dividend yield.

The company pays out nearly 90% of its free cash flow in dividends and the payout ratio is multiple times its net income every year. However, the company has been gradually increasing its dividend since 2012 and is backed by the financial might of a major asset manager, which makes the dividend seem slightly more resilient.

The company also plans to reduce its dividend payout ratio to under 70% of free cash flow over the next few years, which should reassure long-term shareholders.

Growth engine

Brookfield Renewable growth is driven by reinvesting its cash flow into acquisitions of more renewable assets. Earlier this year, the company signed a deal with Canadian energy company **TransAlta** to develop hydroelectric plants across North America. Brookfield Renewable now owns 9% of TransAlta's outstanding shares.

Similarly, the company has been deploying millions into **TerraForm Power's** wind and solar assets over the past few years and has recently acquired several wind farms in rural India to fuel growth for the foreseeable future.

The company recently [sold off some non-core assets](#) and now has more than \$2.3 billion in liquidity to power its growth strategy, which means the firm is well positioned in a market that is collectively worth trillions of dollars and is gradually shifting to renewable sources.

Bottom line

Brookfield Renewable offers investors a chance to experience steady growth while receiving a handsome dividend. The company's growth strategy and payout policy make it an ideal investment for growth and income-oriented investors alike.

The company is also at the forefront of one of the most important economic shifts of our generation. Moving the global energy infrastructure away from fossil fuels to renewable sources is a monumental endeavor that could help niche players like Brookfield Renewables generate immense wealth over the next few decades.

By buying the stock, investors can secure their piece of the action at a relatively fair price.

CATEGORY

1. Energy Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BEP (Brookfield Renewable Partners L.P.)
2. NYSE:TAC (TransAlta Corporation)
3. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
4. TSX:TA (TransAlta Corporation)

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