3 Clean Stocks That Will Bring in the Green

Description

It's easy enough to say that you want to invest in stocks that promise a brighter future for the world. However, it's quite another to find green stocks that promise not only a cleaner future but a more lucrative one for your TFSA or RRSP portfolio.

But luckily there are a few stocks out there that promise both. That's why today I'll be taking a look at **Algonquin Power & Utilities** (TSX:AQN)(NYSE:AQN), **Pattern Energy Group** (TSX:PEGI)(NASDAQ:PEGI), and **TransAlta Renewables** (TSX:RNW).

Algonquin

Algonquin is a renewable energy and regulated utility company, operating and acquiring green and clean assets across North America that include wind, solar, hydroelectric, and thermal operations. In its most recent quarter on May 10, the company posted an adjusted EBITDA of $231.5 million, an adjusted EPS of $0.19, and secured a $6 million increase in annual revenue.

The news gave the company a bit of a boost, but this stock has been on a steady rise since November 2008. If you had invested $5,000 then, your shares would have increased 522% and be worth $31,102 today. In addition to that, Algonquin offers a dividend yield of 4.47%, which they just increased 10%. Given that it returns 22.6% over the last year and has an estimated growth of 17.5% in earnings, this is a great stock to hold for the long run.

Pattern

Pattern is a renewable energy company based in the United States, with operations in Canada, Mexico, and Japan in the spectrum of wind, solar, transmission, storage, and advanced energy technologies. In its most recent quarter, the company posted adjusted EBITDA of $98 million, down 6%, revenue of $135 million, up 21%, and a net loss of $46 million.

The loss hasn't come as a surprise to shareholders who have seen a few unfavourable conditions lately, causing the company to sell some of its assets. But the company forecasts that the year will bring in $185-225 million in cash, implying a 17% increase from this point.

For those seeking a bit of a higher-risk/higher-reward situation, Pattern could be for you. This company is currently spending $300-500 million in acquisitions in the next two years to support a growth plan that could see some huge capital gains. In the mean time, a dividend yield of 7.32% should keep investors very happy.

TransAlta

TransAlta is an energy company that also includes a natural gas pipeline system. The company operates wind turbines, hydroelectric facilities, and a solar facility as well. In its recent quarter, TransAlta reported revenue of $648 million, comparable EBITDA of $221 million, and cash flow of $82 million, though it also posted a net loss of $62 million.

The stock was on a downward trend since January 2018, hitting rock bottom in December with the rest of the markets, though since then there has been a rally. If you had invested $5,000 back in December, you would have seen an increase of almost 40% with shares now worth $6,932 at the time of writing. TransAlta also offers a generous dividend yield of 6.78%. What I like about this company is that you can benefit both sides of the energy sector, and that seems to be working for TransAlta lately.

Bottom line

It’s not easy being green. But being morally responsible in your investments doesn’t mean you don’t have to be fiscally responsible. These three stocks offer a great opportunity to both make some green while being green. If I had one to choose today, I’m going with Algonquin as it is the least volatile of the three I’ve mentioned, so keep it on your watch list. The environment, and your portfolio, will thank you.

CATEGORY

1. Energy Stocks
2. Investing

TICKERS GLOBAL

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3. TSX:RNW (TransAlta Renewables)

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Author
alegatewolfe