



Income Investors: A Top Dividend Stock to Go Green

Description

There's a secular shift toward renewable power to reduce the emission of greenhouse gases. To transform to a world of 30-50% [renewables](#), new investments of about US\$850 billion to US\$5 trillion are needed.

Brookfield Renewable Partners ([TSX:BEP.UN](#))([NYSE:BEP](#)) will be a big beneficiary as the owner and operator of one of the world's largest renewable power portfolios. Its platform is composed of more than 17,400 MW of capacity and 880 generating facilities in North America, South America, Europe, and Asia.

Its operational expertise is unmatched. Not only does the company have 120 years of experience in power generation, but it also has full capabilities in operating, development, and power marketing.

Brookfield Asset Management is both a general manager and partner who owns a significant stake of 60% in Brookfield Renewable. So, the owner and operator has strong interest alignment with BEP shareholders.

Safe dividend yielding 6%

Brookfield Renewable's cash flow is diversified across hydro generation (75% of cash flow), wind generation (21%), and solar generation (4%). About 60% of the cash flow is generated in North America, 35% is from Latin America and Asia, and 5% is in Europe. Its stable dividend is supported by 87% of cash flow that are contracted.

As of writing, BEP stock offers a yield of about 6%. Notably, it pays out a U.S. dollar-denominated cash distribution of US\$2.06 per unit based on its current quarterly distribution. So, the changing foreign exchange rate between the U.S. dollar and the Canadian dollar will affect the effective yield that Canadian investors receive.



The company has increased its dividend for nine consecutive years with a three- and five-year dividend growth rate of 5.7% and 6.2%, respectively. Based on its usual schedule, the renewable power stock will increase its cash distribution in the first quarter.

Going forward, management aims to increase the dividend by 5-9% per year, which will be reinforced by cash flow growth from inflation escalation, re-contracting, cost reduction, and development and repowering, which will also generate extra cash flow to reinvest into the business.

Tax on the cash distribution

Brookfield Renewable stock is a qualified investment for RRSPs, deferred profit-sharing plans, RRIFs, RESPs, RDSPs, and TFSAs. However, it's a Bermuda-based limited partnership. So, its cash distribution consists of various types of investment income, including interest income, dividend income, and return of capital, from subsidiary corporations that operate in different jurisdictions.

Therefore, its cash distribution is taxed differently from dividends, and investors should consult their tax advisors to determine which account is best to invest the stock in.

Foolish takeaway

Investors who want to ride on the secular trend of going green with renewables should consider a position in Brookfield Renewable stock, which offers a juicy yield of 6%. The [income stock](#) will especially be attractive on dips of more than 10%.

CATEGORY

1. Dividend Stocks
2. Investing
3. Stocks for Beginners

TICKERS GLOBAL

1. NYSE:BEP (Brookfield Renewable Partners L.P.)
2. TSX:BEP.UN (Brookfield Renewable Partners L.P.)

PARTNER-FEEDS

1. Msn
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Author

kayng

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