



This Canadian Stock Proved to Be 1 of the Best Bets in 2019

Description

As we say goodbye to 2019, it's a good time to review which of your stocks showed the best performance and analyze whether they're going to be on the growth path next year, too.

Despite many ups and downs, 2019 is going to be a good year for investors who've bought dividend stocks to earn a steady stream of income. This class of investors particularly benefited from a low interest rate environment, which kept the money flowing to stocks that offered [higher dividend yields](#).

The U.S. Federal Reserve, after cutting rates a couple of times, doesn't seem keen to raise them when the inflation beast is under control and the risks to growth are many. The Canadian central bank is also in the wait-and-see approach.

In this scenario, it continues to make sense to look for higher returns elsewhere. One area of the market in which you could get returns better than in fixed income is power and gas utilities. These companies usually have steadily growing payouts that become more attractive amid an environment of falling interest rates.

Bermuda-based [Brookfield Renewable Partners](#) ([TSX:BEP.UN](#))([NYSE:BEP](#)) was one of my best calls in 2019, and I believe this bet will continue to pay off. The stock is up more than 60% this year, more than three times the gains of the benchmark, the **S&P/TSX Composite Index**.

A growing clean energy provider

BEP is a clean energy provider with a dividend yield of about 4.4%. The company is well positioned to benefit from the worldwide push to use environmentally friendly sources for power generation.

The International Energy Agency sees continued strong growth in renewables through 2022, with renewable electricity capacity forecast to expand by over 920 GW — an increase of 43%.

Producing 16,000 MW of capacity and managing 820 facilities in North America, South America, Europe, and Asia, Brookfield has a strong portfolio of projects. The partnership recently declared a quarterly cash distribution of \$0.515 per unit, which is growing at a compound annual growth rate (CAGR) of around 6%. According to the company's latest earnings report, Brookfield Renewable

Partners generated \$590 million in funds from operations (FFO) in the first nine months of 2019, showing a 25.5% year-over-year jump.

Going forward, BEP expects its FFO per unit to keep rising at a CAGR above 10% through 2024, as it acquires more companies and adds more capacity to its clean power. As per its latest earnings report, Brookfield Renewable is targeting a sustainable distribution with increases targeted on average at 5-9% annually.

Bottom line

BEP stock currently pays \$2.06 a share annual dividend that translates into a yield of about 4.4%. BEP stock had a great run so far this year after surging more than 60%. Trading at \$40 at writing, its stock looks expensive, but if you have an eye on the future potential of clean energy, that premium might not look too much for a company that has a global reach.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
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2. TSX:BEP.UN (Brookfield Renewable Partners L.P.)

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