



How to Tap This Major Growth Trend in the 2020s

Description

The green economy could be picking up momentum at a faster pace than some industry observers may have expected. Climate change concerns are likely to drive investors deeper into green energy at the start of the decade, and further away from hydrocarbon power.

Limited partners responding to a recent survey by Collier Capital have signalled that interest in reduction in fossil fuel exposure is spreading quickly. While it's no secret that green energy is a [massive trend in energy investing](#), the apparent groundswell among operators in the world of private equity is of note.

38% of responders are committed to reducing oil and gas exposure in the coming decade. 30% of North American LPs plan to alter their investment strategies. The renewable sector will replace a considerable portion of that reduced investment. The shift in private equity away from fossil fuels could further push the broader investment landscape toward the green economy in the 2020s.

The green economy is driving an energy shift

Energy investors keeping an eye on global trends may have seen that **Repsol** has made a commitment to be carbon neutral within the next 30 years. Its deadline of zero emissions by 2050 sets a benchmark for other oil and gas companies to get in line with the Paris Agreement. The move will be spearheaded by a focus on renewables, as well as carbon capture and electric vehicle initiatives.

A coalition of big names in the U.S. is taking aim at the hydrocarbon power industry, with recognizable figures such as John Kerry, Jimmy Carter, Arnold Schwarzenegger, and Leonardo DiCaprio. Branded *World War Zero*, the group urges a militant response to the battle for driving down harmful emissions. The group will engage at town meetings in battleground states and military bases.

A top stock to buy for exposure to the green energy boom would be **Northland Power**. The stock still trades with attractive multiples, is diversified both in terms of its asset spread and its geographical reach, and pays a tasty dividend in the 4% range. Northland is a key play for the wind energy boom, with a large stake in the Gemini Offshore Wind Park, and a new deal with the Japanese market.

Another stock to watch for exposure to the green economy is **Barrick Gold**. While this may surprise some investors not up to speed on commodities, the gold mega-miner's [possible expansion into greater copper exposure](#) makes the stock a potential play for investors seeking low-risk access to the electric vehicle space. Given the potential for bottlenecking, increased copper exposure could also bring steeper upside for metals investors.

The bottom line

Energy investors may expect to see a write-down in assets among their favourite big name companies, and to be prepared to see the industry take a hit as it transitions away from hydrocarbons. Another way that Canadian growth and income investors can keep abreast of a sea change in the power sector is to move their money into companies that are leading the charge in green energy, such as Northland.

CATEGORY

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

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

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

Date

2025/08/21

Date Created

2019/12/05

Author

vhetherington

default watermark