This Green-Energy Growth Stock Could Make You $11,000 in 5 Years

Description

Imagine a buy-and-hold stock that saw almost 100% returns last year, capable of outrunning a recession while not only paying dependable dividends but actually growing them during a downturn rather than downsizing. These types of stocks are rare, but there is at least one such investment opportunity on the TSX that could reward richly while outpacing a widespread market downturn.

Headquartered in Toronto, **Brookfield Renewable Partners** (TSX:BEP.UN)(NYSE:BEP) does what it says on the tin: 60% owned by **Brookfield Asset Management**, Brookfield Renewable Partners is the owner and manager of a raft of hydroelectric, wind, solar, biomass, and other green and renewable energy operations. It saw significant 91% total returns in 2019, and pays a forward dividend yield in the region of 4.7%.

With projected total shareholder returns of 110% in five years, investors who stack shares to the value of $10,000 in Brookfield Renewable Partners today could earn $11,000 by the middle of the 2020s, comprised of income plus the capital appreciation. Therefore, not only is Brookfield Renewable Partners ready for a downturn, having outperformed significant market turbulence, it's also a sturdy growth stock.

Tapping into the green economy is one of the strongest plays for a new investor coming to the TSX with a growth-plus-dividends strategy right now. Other names in the space include **Northland Power**, **Algonquin Power & Utilities**, and **TransAlta Renewables**. The green economy extends beyond energy, too, with electric vehicles leading the charge in auto sector growth for example.

What can ethical investors expect in 2020?

Green energy is one of the biggest growth trends in the world, potentially the most significant in the 20s, with huge implications for the markets and for growth investors. In a sign of the times, investment management firm **BlackRock** made historic news this week when it announced that it would be focusing on sustainability as a central investment thesis going forwards.

In Larry Fink's letter to CEOs, BlackRock's CEO stated, "Because capital markets pull future risk forward, we will see changes in capital allocation more quickly than we see changes to the climate itself." By putting climate change at the centre of portfolio construction and management, the US$7 trillion investment management corporation has helped sound the alarm that climate is going to reshape finance.

Natural gas is likely to catch tailwinds from the demise of coal. Asset managers are more likely to favour renewables and other forms of clean energy production. Nuclear may become mainstream, while wind and solar could start to take off as cost-efficiency increases. Electric vehicles are likely to continue their drive to replace hydrocarbon cars, with key metals such as lithium, copper, palladium, and uranium rocketing.

The bottom line

By making climate change the focal point of a their own investment strategies, Canadians can pack defensive capital appreciation into a stock portfolio centred on dividends. By choosing the right stocks, they can also cream upside plus some significant compounding passive income. With a one-off investment in Brookfield Renewable Partners, they could turn a moderate amount of money into a tidy nest egg within a short timeframe.

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