



Buy These Renewable Energy Stocks to Help Combat Climate Change

Description

Socially responsible investing is quickly growing in popularity. There are mutual funds and Exchange-Traded Funds (ETFs) dedicated to this type of investing. Indeed, even robo-advisers such as Wealthsimple offer this option to their clients.

According to a recent report by the U.S. SIF Foundation, there is more than \$12 trillion invested in socially responsible ways. To put that into perspective, that accounts for approximately a quarter of the total assets under management in the U.S. According to the same report, socially responsible assets have grown at a 40% clip since 2016.

One of the more common ways to make socially responsible decisions is to invest in renewable energy companies. These are companies who are focused on green technologies that will have a positive effect on climate change and reduce carbon footprint.

Here are two industry leaders for investors to consider.

Brookfield Renewable Energy Partners

A market leader, **Brookfield Renewable Energy Partners** ([TSX:BEP.UN](#))([NYSE:BEP](#)) has been one of the [best-performing stocks](#) in the industry.

Over the past year, the share price has jumped by 61% and has grown at a compound annual growth rate of 7.93%. Although this may not seem like much, most of the industry has been in negative territory in recent years.

Brookfield is also a reliable income player. As a Canadian Dividend Aristocrat, it has reliably grown the distribution every year for a decade averaging 5% annual growth.

This past week, it extended its growth streak to 11 years when it announced another 5% raise. This coincided with the news that it was going to buy all of the outstanding shares it does not already own of **TerraForm Power** (NASDAQ:TERP).

The deal values TerraForm at approximately \$4 billion and represented an 11% premium to Terra's closing price on January 10.

The deal was widely lauded by the markets, as TerraForm owns and operates an attractive portfolio of renewable assets. It has solar and wind assets across the U.S. and Europe totalling more than 4,000 MW of installed capacity.

If you're looking to invest in best-in-class industry leaders, there is arguably none better than Brookfield Renewable Energy Partners, an industry giant with \$50 billion in power assets and 18,900 MW of installed capacity across 15 countries.

Innergex Renewables

Another industry top performer has been **Innergex Renewables** ([TSX:INE](#)). This mid-cap company has a compound annual growth rate of 9.17% over the past year, closing out last year with gains of approximately 20%.

Innergex has a rich pipeline of projects that will drive growth for years to come. In the second half of 2019, Innergex had two major projects reach commercial operation.

In total, these projects totaled 600 MW, which added approximately 30% capacity to the company's assets. Furthermore, it has an additional 377.55 MW of projects under development that are expected to reach commercial operation by the end of 2022. Over the next five years, analysts expect the company to grow earnings by an average of 15% annually.

Strong growth is also good news for the company's dividend. Innergex has a six-year dividend growth streak and achieved [Canadian Dividend Aristocrat](#) status last year. The company currently yields an impressive 4% and has grown the dividend in the low single digits.

The commitment to growing the dividend has been impressive given that this is a company that's growing quickly and spending a considerable amount of cash on capital expenditures.

The dividend appears to be safe, as it accounts for only 93% of free cash flow, which means that it's generating enough cash to fund capital projects and pay the dividend without having to borrow.

If you're looking to structure your portfolio to include socially conscious investments, then renewable energy is a must. Both of these companies have positioned themselves as industry leaders and will benefit from the shift to socially responsible investing for years to come.

CATEGORY

1. Energy Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BEP (Brookfield Renewable Partners L.P.)
2. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
3. TSX:INE (Innergex Renewable Energy Inc.)

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