Jim Cramer Would Love These Stocks

Description

Earlier this month, CNBC analyst Jim Cramer had some choice words for fossil fuel companies.

"I'm done with fossil fuels. They're just done. We're starting to see divestment all over the world," he said. "You're seeing divestiture by a lot of different funds. It's going to be a parade. It's going to be a parade that says, 'Look, these are tobacco and we're not going to own them.'"

At this point, Cramer doesn't even think that higher profits are capable of driving fossil fuel stocks higher.

"Look at BP. It's a solid yield, very good. Look at Chevron. They're buying back $5 billion worth of stock. Nobody cares," he noted. "Exxon could have reported an upside surprise, and I don't think it would matter."

Ultimately, Cramer believes oil stocks are in the "death knell phase," similar to newspaper or coal stocks. He's not alone in this assessment. Earlier this year, the head of **BlackRock, Inc.**, which manages more than $7 trillion, warned that climate change is triggering a "significant reallocation of capital," stressing that their entire portfolio will now actively screen against fossil fuel stocks.

Trillion-dollar funds and influential analysts are now urging investors to focus on the future. What will replace fossil fuels? The most obvious answer is renewable energy. The following two stocks are primed to capitalize on this worldwide capital reallocation.

Be the best

Brookfield Renewable Partners LP (TSX:BEP.UN)(NYSE:BEP) has one of the best management teams in the industry. That's because its run by **Brookfield Asset Management Inc**, one of the most successful alternative asset managers in existence. It's quite a pairing.

Having the capital and influence of Brookfield Asset Management is a big advantage for Brookfield Renewable Partners, as acquiring renewable energy assets is often about connections and scale.

Thus far, the company has assembled a portfolio with more than 19,000 megawatts of capacity, generated through 5,274 facilities across four continents. Management aims to deliver long-term annualized total returns between 12% and 15% — a feat it has achieved since 2000.

As the renewable movement gains pace, Brookfield Renewable should be able to repeat its proven strategy with even greater success.

Reduce your volatility

Innergex Renewable Energy Inc. (TSX:INE) has an even longer track record than Brookfield Renewable. Founded in 2000, it launched its first hydroelectric projects in 1994 and 1999, expanding into wind and solar in the decades to come.

Today, the company has a diversified portfolio of renewable energy assets spread across multiple continents. The biggest value-add is that Innergex derives nearly all of its revenue from long-term agreements.

Rather than selling its electricity production on the open market, the company commits its energy to customers via contracts that can exceed 20 years in length.

Two-thirds of its assets are tied to contracts at least a decade long, dramatically reducing operating volatility while ensuring Innergex generates stable profits amid any economic environment.

With this operating visibility, management has built a habit of raising the dividend every year. The yield has usually averaged around 5%, but a recent share price spike has depressed the payout a bit.

Over the long term, however, Innergex looks ready to capitalize on the renewable surge through a low-risk business model that produces attractive cash flow and dividend payments.

CATEGORY

1. Energy Stocks
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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)

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