



## Canada's Leading Renewable Energy Company: A Top Dividend Stock to Own in a Bear Market

### Description

The coronavirus pandemic and growing fears of a global economy slump have weighed heavily on financial markets. The **S&P500** shed 2.3% over the last month, while the **S&P/TSX Composite Index** has lost 1%. There may be further losses ahead as investors stampede for the exits and growth assets such as stocks fall into disfavour.

The current uncertainty and rising risk shouldn't deter you from buying stocks, with many quality dividend paying stocks now trading with attractive valuations.

One top stock that should be in every portfolio is **Brookfield Renewable Partners** ([TSX:BEP.UN](#))([NYSE:BEP](#)), which has defied current events to gain 19% for the year to date.

### High-quality stock

The renewable energy utility not only possesses solid growth prospects, but also the defensive attributes associated with electric utilities, along with a regularly growing distribution yielding a juicy 4%, making it the ideal stock for a bear market.

Brookfield Renewable reported some strong full-year 2019 results including an almost 13% year over year increase in funds from operations (FFO) driven by a 1% increase in electricity production and higher power prices.

The partnership was also on track to achieve annual cost savings of around US\$40 million, which will boost its profitability heading into 2020.

Brookfield Renewable is also focused on expanding its operations through a combination of organic growth initiatives and opportunistic acquisitions.

It closed its purchase of 50% of Spanish solar power developer X-Elio and signed agreements to acquire 14 solar development projects in Brazil with total installed capacity of 428 megawatts (MW).

Brookfield Renewable also has 717MW of assets under construction and another 1,380MW of advanced stage projects, which on completion will boost power output and hence earnings.

Its revenue will continue to grow because the power purchase agreements (PPAs) in place are linked to inflation. Brookfield Renewable also has an initiative underway whereby it's recontracting its PPAs with a view to securing higher prices.

This has proven particularly successful in [Colombia](#) and Brazil, which are responsible for 15% and 19%, respectively, of the utility's EBITDA.

The global [secular trend](#) to clean renewable sources of energy will serve as a powerful long-term tailwind for Brookfield Renewable.

The partnership is the ideal defensive stock because it possesses a wide economic moat because it operates in an industry that's highly regulated with steep barriers to entry.

The inelastic demand for electricity coupled with the fact that 95% of its cash flow comes from contracted sources makes Brookfield Renewable's earnings virtually immune to economic downturns.

## Foolish takeaway

For these reasons, Brookfield Renewable offers an ideal combination of defensive attributes and growth, rendering it a top stock to own in the current market that's weighed down by considerable uncertainty.

While investors wait for the economy to recover and Brookfield Renewable's stock to appreciate, they will be rewarded by its regular sustainable distribution that it's hiked for the last 10 years straight to be yielding a juicy 4%.

## CATEGORY

1. Dividend Stocks
2. Investing

## TICKERS GLOBAL

1. NYSE:BEP (Brookfield Renewable Partners L.P.)
2. TSX:BEP.UN (Brookfield Renewable Partners L.P.)

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