



Buy These 3 TSX Stocks to Get Rich off Renewables

Description

The green economy could be worth \$1.3 trillion a year. But just what *is* the green economy? Driven largely by the need for new fuels free from hydrocarbons, the green economy also includes alternative protein, new means of recycling, the retiring of single-use plastics, and a push for environmentally responsible building. The thesis for growth revolves around renewables, especially green power companies that pay dividends.

With a market crash possibly underway before we even hit spring, 2020 has seen the potential for black swan events cropping up at an unusual rate.

From a near-miss in the Middle East to the outbreak of the coronavirus, the amount of uncertainty in the markets has pushed the Fear and Greed Index deeply into the red.

But what is a black swan, exactly? The definition is an event that is impossible to predict and has severe consequences. If the coronavirus becomes a pandemic, then it will essentially fit the definition.

But should investors carry on buying during such events? The simple answer depends on whether or not you're a contrarian investor. But even the lowest risk investor has some bargains to pick over right now.

Holding power stocks through a recession is a strong move — and one that can see a portfolio accruing passive income during even the sharpest of downturns.

The TSX has a number of solid options to choose from, such as **Northland Power**, **Algonquin Power & Utilities**, and **Brookfield Renewable Partners**.

Northland Power trades at less than half its discounted cash flow value, technically making for upside potential in the region of 52%. The stock is certainly better than many of its peers in the renewable energy sector, selling with attractive market ratios such as a P/E of 17 that undercuts the average by more than half.

Northland Power's 3.8% dividend yield covered by a payout ratio of 67% leaves room open for growth.

Looking at total shareholder returns by 2025 of 141%, Northland Power is not only a play for high return on investment, but also offers a market leading play for offshore wind exposure extending to Europe, Japan, and South Korea thanks to a strong deal-making management style.

Algonquin Power & Utilities offers the prospect of 165% combined returns in the next five years. Having raked in an impressive growth in earnings of 380% in the last 12 months, the potential for steep capital gains, plus a well-covered dividend yield of 3.5%, makes this [defensive alternative energy stock](#) a rewarding buy. A payout ratio of 74% additionally leaves room for dividend growth potential.

Brookfield Renewable Partners pays a 4.1% dividend yield and has high growth potential as well as the wide moat market share commanded by the famous Brookfield brand of asset management. The defensive nature of this energy production stock is backed up with world-class asset development expertise.

The bottom line

Northland Power, Algonquin Power & Utilities, and Brookfield Renewable Partners offer Canadian stock investors a low-risk route to high returns in the near term.

Their combination of the [defensiveness of green energy upside](#) and dividend growth add up to a recession-proof play for strong returns on investment.

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Date

2025/08/17

Date Created

2020/02/29

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