Fight Climate Change With This Dividend Stock

Description

Larry Fink is the CEO of **BlackRock, Inc.**, which manages more than $7 trillion in assets. It's not far off to say it owns a piece of nearly every publicly traded company on the planet. Its influence and power cannot be understated, which is why Larry Fink's latest letter to shareholders caused such an uproar.

Last month, the *New York Times* reported that BlackRock would now make investment decisions "with environmental sustainability as a core goal." The firm would immediately exit positions that face high sustainability-related risks, like coal producers. Over time, BlackRock will pressure every company to make sustainability a primary focus.

"Awareness is rapidly changing, and I believe we are on the edge of a fundamental reshaping of finance," Fink wrote in the letter. "The evidence on climate risk is compelling investors to reassess core assumptions about modern finance."

According to the *New York Times*, BlackRock will "… introduce new funds that shun fossil fuel-oriented stocks, move more aggressively to vote against management teams that are not making progress on sustainability, and press companies to disclose plans for operating under a scenario where the Paris Agreement's goal of limiting global warming to less than two degrees is fully realized."

If you're invested in fossil fuels, or even simply companies with a large carbon footprint like airlines and automobile manufacturers, the future is bleak — at least that's what Fink is arguing. The fact that he has $7 trillion to back up his vision makes his claims all the more credible.

If Fink is right, *trillions* of dollars will be reallocated to companies that are fighting global climate change and pushing for a more sustainable world. He's looking to prevent his firm from the fallout of this shift just as much as he's pushing for an environmental agenda.

There are [several stocks] that should profit from the capital reallocation, but one in particular sticks out as an attractive bet.

Take the long view

If you want to bet that other investors will flood into sustainability-related stocks, **Brookfield Renewable Partners LP** (TSX:BEP.UN)(NYSE:BEP) should be at the top of your buy list.

With a market cap of $12.5 billion, Brookfield Renewable is already one of the largest pioneers in the space. It owns 19,000 megawatts of generating capacity from 5,274 facilities across North America, South America, Europe, and Asia. Its mission is to provide double-digit annual returns for shareholders by investing in renewable assets like hydro, wind, sold, and storage.

Thus far, the company has an enviable record. Since 2013, shares have rocketed higher by 135%, all while paying a steady dividend that now stands at 4.1%. Management thinks that the best days are yet to come.

“Our growth over the past twenty years has enabled us to establish ourselves as one of the largest renewable power investors and operators globally,” Brookfield’s CEO recently wrote. “This is backed by a multi-decade track record of generating strong returns across hydro, wind, solar and storage assets. Accordingly, we are very well positioned to participate in the decarbonization of global electricity grids that will occur over the next 25 to 50 years.”

There’s little more that you could ask of a long-term investment. Brookfield Renewable has a proven track record of success, an entrenched reputation as an active buyer of assets, and a growth runway that will last decades, if not a century. Collecting a 4.1% dividend along the way is just icing on the cake.

CATEGORY

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