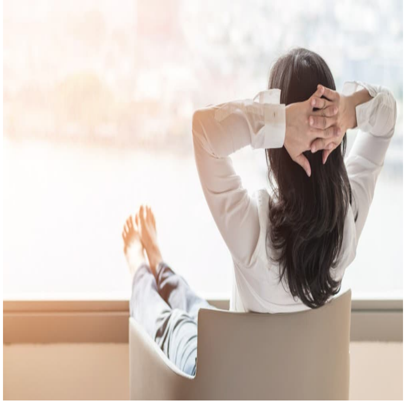

Trust This Dividend Stock As Markets Plummet

Description

Markets are falling globally. That's good news for bargain hunters. Several high-quality stocks with bright long-term futures are now on-sale.

Dividend stocks are especially attractive. These investments provide a stream of regular cash income that you can use for any purpose. As stock prices fall, the dividend yield *increases*.

For example, if a company pays a $2 annual dividend and the stock price is $100 per share, the dividend yield is 2%. If the stock price fell to $50, however, the dividend yield would be 4%. Now is the time to lock-in these inflated yields.

Buying cheap stocks also gives you long-term capital appreciation potential, but the sizable dividend can keep you comfortable until the market reverses.

You can keep the dividend to supplement your income, but using the cash to buy even more stock at record lows might be an opportunity that's too good to pass up.

Just be careful. Like all investments, there are *good* dividend stocks and *bad* dividend stocks. Good dividend stocks give you an attractive yield that's sustainable even if the market continues lower. Bad dividend stocks entice you with a juicy upfront yield, but if the economy worsens, the payout could be eliminated entirely.

The goal is to find a bargain stock that provides a high but reliable payout that can withstand even a severe economic shock. Look no further than **Brookfield Renewable Partners L.P.** (TSX:BEP.UN)(NYSE:BEP).

Built for visibility

Brookfield bills itself as “one of the world’s largest investors in renewable power.” With 5,337 power generation facilities spanning four continents, this stock is as good as it gets for investors seeking exposure to renewable energy.

What’s so special about renewable energy? It’s important to note that Brookfield doesn’t sell wind turbines or solar panels. Rather, it owns and manages power plants, including wind farms and hydroelectric facilities. Although daily production can be intermittent, annual power generation is quite predictable.

As maintenance costs are minimal compared to fossil fuels, most of the company’s sales translate directly into cash flow, which helps support the 4.3% dividend yield.

Cash flow is one thing, but resiliency is another. Can Brookfield’s financial performance and dividend payment withstand a harsh economic downturn? The answer is a resounding *yes*.

The first thing to know is that Brookfield specializes in projects with ultra-low input costs. Wind, solar, and water flow are free to harness. This insulates it from pricing swings, as these facilities almost always generate positive quarterly cash flow.

These projects are almost always tied to long-term contracts. Brookfield often has commitments from customers to buy its power at fixed prices. These contracts can span years, even decades, greatly increasing financial visibility.

The second thing to know is that Brookfield maintains an *active* portfolio. When selling prices are high, management can monetize mature assets at attractive valuations. When selling prices fall, the company can acquire high-quality, long-life projects at bargain multiples.

In total, Brookfield’s 4.3% dividend is the best of both worlds. Stable, contracted cash flows greatly reduce downside risk.

Meanwhile, if markets drop, Brookfield can capitalize by acquiring more cheap assets. This stock is perfect for generating long-term wealth.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

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