Crisis Investing: Get a 7% Yield From This Green Energy Producer Today

Description

In uncertain times, it really pays to own shares of companies that have stable businesses. Those that have stable dividends that grow over time are even more attractive. When combined with an in-demand product that people will need day in and day out, you know that you have a winning combination. Utility companies fit the bill exactly.

However, even utility companies come in a variety of shapes and sizes. Some have more growth than others. Others are more stable, with increasing regulated cash flows. Some, like the pipelines, are subject to commodity volatility. This makes choosing the right company for you tricky, even within a great space.

Renewable energy

The past few weeks have started me thinking more about the benefits of renewable energy than I have in the past. Renewables are attractive for a number of reasons, which the global shutdown has made even more apparent.

One intriguing attribute about renewable energy is the fact that it is frequently produced at, or near, the site where it is used. Solar power can be used near its point of production. The sun gives you energy anywhere, so there is no fuel source to be transported. Wind power is the same, with the wind being available close to its point of production.

Coal- and oil-powered power plants, in contrast, must have their fuel sources transported from great distances, sometimes even overseas.

It is a growth area

One thing that hasn't changed after this massive disruption is political and public opinion on green energy. Most countries still want to transition to clean energy alternatives. It is up to the investor to determine which company they want to hold to capitalize on this trend.

A company poised for green energy growth

During this time of crisis, I've tended to venture into the more stable, larger utilities like **Fortis** (TSX:FTS)(NYSE:FTS). For me, this was an ideal time to add the stocks to your core portfolio. Certainly, the dividend yields are smaller than on those with more growth, but I like to take the opportunity to add stability.

If you are looking for more of a pure play into renewables with slightly more growth, it is a good time to purchase shares of a company like **Capital Power** (TSX:CPX). Capital Power has a substantial dividend, has a good growth profile and is focused primarily on renewable energy.

Its dividend yield of 7.6% at the time of this writing is certainly very tempting for investors looking for income. It is not so big as to signal an imminent cut, which is comforting but is also large enough to reward investors for the increased risk.

Capital Power has 28 operating facilities located across Canada and the United States, giving the company a politically stable asset base with diversification by geography and currency. Approximately half of its locations are situated in the United States.

The bottom line

With a dividend yield of about 7%, Capital Power is a great income buy at this point. This company provides a product everybody needs, power, and can do it locally. Its geographic diversification in the United States and Canada also adds some security to its earnings. Overall, this is a stock which you will do quite well with if you add it at this current level.

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Date
2025/07/05
Date Created
2020/04/08
Author
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