



Nervous About a Market Crash? Buy This All-Weather TSX Stock

Description

Investing in stocks is tough, especially at a time when there is a high level of uncertainty surrounding the economy. But whatever the situation may be, there is always an opportunity in the stock market, as there are companies that can generate [healthy returns](#) irrespective of the economic cycles. One such all-weather stock is **Brookfield Renewable Partners** ([TSX:BEP.UN](#))([NYSE:BEP](#)).

Brookfield Renewable Partners is the world's leading pure-play renewable energy company with US\$50 billion of renewable assets. Brookfield Renewable Partners has been a steady performer and has consistently raised dividends. The stock currently offers a lucrative dividend yield of 4.5% with its defensive business providing the downside protection.

Investment case

Investing in Brookfield Renewable Partners is a no brainer. The company produces [clean and renewable energy](#), the demand for which is only going to increase in the future. Further, renewable energy is becoming increasingly cost effective, which is likely to drive mass adoption. The company's revenue sources are stable and fairly diversified. Moreover, revenues are backed by long-term power-purchase agreements and creditworthy counterparties.

Investors should note that Brookfield Renewable Partners deals with more than 600 counterparties, which primarily includes public power authorities. Moreover, the company's largest non-government third-party customer accounts for only 2% of its power generation. The high-quality customer base ensures steady cash flows and provides downside protection. The weighted-average remaining life of the company's power generation contracts is 14 years, which is encouraging. Meanwhile, about 95% of its total power generation in 2020 is contracted, implying that Brookfield Renewable Partners is relatively insulated from the decline in power demand or the slowdown in economic activity.

In the most recent quarter, Brookfield Renewable Partners reported normalized funds from operations of US\$212 million, up about 5% year over year. Meanwhile, the overall power generation was more than the long-term average. Brookfield Renewable Partners also announced it will merge its subsidiary Terraform Power in its operations. The merger will strengthen its position in North America and Europe

and drive funds from operations.

The company's financial position is in excellent shape. Brookfield Renewable Partners has over US\$3 billion in liquidity and follows a unique capital-recycling strategy. Under the strategy, the company sells non-core assets and re-deploys the proceeds from the sale in high-yield opportunities.

Brookfield Renewable Partners is known for its robust dividend payments. The company's dividends have increased by 6% annually since 1999. Earlier this year, the company increased its annual dividends by 5% to US\$2.17. Moreover, it targets a 5-9% increase in annual dividends in the future. The company's predictable cash flows and defensive business will continue to fund its dividends in the coming quarters.

Bottom line

Brookfield Renewable Partners's diversified and stable revenue base, predictable cash flows, and steady dividend growth make it a perfect all-weather stock for long-term investors. Brookfield Renewable Partners stock has a beta (five-year monthly) of 0.71, implying that the large swings in the market will not heavily impact it. Meanwhile, the company's inflation-indexed power-purchase contracts will continue to support profitability, in turn, dividend payouts.

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Investing

TICKERS GLOBAL

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

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