



1 TSX Stock Industry You Can't Go Wrong Investing in

Description

The state of the market and **TSX** stocks can be very confusing for investors to follow. When coronavirus first pandemic hit, unsurprisingly, stocks sold off rapidly.

Then, without much progress in the fight against the virus, stocks came rallying back. This can be confusing for investors. But it's worth noting that accommodating monetary policy is likely what played the biggest role in the stock market rally.

Now, after the last three days with stocks selling off again, it looks as though the market may be running out of momentum. At the same time, U.S. states are starting to see a notable uptick in coronavirus cases, causing some to be concerned about a second peak.

This can make it very difficult for investors to figure out what's next, what TSX stocks to buy, and how to position their portfolios.

However, there is one industry that you can count on no matter what.

Green energy TSX stocks

Renewable energy is one of those industries that combines the best of both worlds. On the one hand, the TSX stocks produce power and electricity, which is an essential product and one that's minimally impacted by recessions.

This makes renewable energy stocks a pretty good choice for investors seeking defence.

However, due to the nature of the industry and the urgency to save the planet, green energy stocks also represent great growth businesses.

You can't expect these stocks to skyrocket overnight. However, you can expect them to grow considerably over time if you take a position for the long term.

As more and more countries continue to shift to [green energy](#), more power-purchase agreements will be awarded to renewable energy companies, which should allow these businesses to see growth for decades to come.

Top renewable energy stock on the TSX

There are a lot of high-quality green energy stocks on the TSX, but the best of the best has to be **Northland Power** ([TSX:NPI](#)).

Northland is an exciting growth company with renewable energy and utility assets. 35% of its assets are located in Ontario, 10% in Quebec, 15% in Saskatchewan, and the other 40% in Europe.

In addition to being well diversified by location, Northland is also diversified by generation method. The company generates energy from offshore and onshore wind, solar, and thermal assets. Offshore wind is the biggest contributor, with nearly 40% of capacity.

One reason it looks attractive is the growth in its capacity that's coming to market. Northland has had just over 2,000 megawatts of capacity in the last few years. However, it will add about 10% this year to just over 2,200 megawatts.

In addition, it also added a utility asset to its portfolio. This should add roughly \$100 million to Northland's earnings before interest, taxes, depreciation, and amortization.

Besides its strong assets, though, how well has the company performed? Northland has consistently been a stop stock for investors, increasing both its revenue and income each of the last three years.

The stock is also great for income investors, or those looking to add another source of passive income ahead of a likely recession.

Currently, Northland's [monthly dividend](#) has a total annual payout of \$1.20. This represents a 3.8% yield. This is pretty significant for a stock that only paid out roughly 65% of its free cash flow in 2019.

Not only does a sustainable payout ratio like that make the TSX stock more stable, but it also allows the company to reinvest for future growth.

Bottom line

The current environment can be very difficult to interpret, and it's hard to determine which TSX stocks are best. However, no matter what happens, you can count on renewable energy stocks like Northland Power to reward shareholders handsomely in the long run.

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Investing

TICKERS GLOBAL

1. TSX:NPI (Northland Power Inc.)

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