



Build Wealth Tomorrow by Investing Today

Description

The COVID-19 pandemic ushered in a new era of market volatility. Following the crash we saw in March, most stocks have struggled to reclaim the position they were at the start of the year. This means that there is an unprecedented opportunity to purchase some of the best stocks on the market at discounted levels. Let me put emphasis on the word *some*, as not all of today's investments will be tomorrow's gems. So, what investments can we buy today that will help build wealth for tomorrow?

There's more to renewable energy than you may think

TransAlta Renewables ([TSX:RNW](#)) is an interesting investment that is often mentioned, but its full potential is rarely understood. TransAlta operates a portfolio of 35 renewable energy facilities that are located in Canada, the U.S., and Australia. Additionally, those facilities include wind, solar, thermal, and gas elements, making TransAlta a well-diversified operation. In the most recent quarter, the generating capacity of those facilities was 2,527 MW.

Renewable energy facilities adhere to the same regulated contracted business model that traditional utilities follow. In short, TransAlta has contracts in place that stipulate how much energy will be sold, and at what rate. The contracts (known as power-purchase agreements, or PPAs) are typically long term, spanning a decade or more in duration. Across TransAlta's 35 facilities, over 70% of those facilities have PPAs that expire in 2030 or later. In other words, TransAlta is generating a steady stream of revenue under the terms of a regulatory contract spanning decades.

In terms of results, TransAlta is set to provide an update on the second fiscal later this week. Until then, we can look back at the highlights of the first quarter. In that quarter, TransAlta reported an EBITDA of \$118 million, reflecting a \$2 million bump over the same quarter last year. Adjusted funds from operations came in at the same \$94 million reported last year.

If these were the only reasons to consider TransAlta, the stock would still be an appealing buy for investors looking to build wealth. Fortunately, there's still more to consider.

To build wealth, you need patience

One of the ways where TransAlta excels over many of its peers is in regards to expansion. Rather than resting on its laurels, TransAlta is continuing to build new facilities and expand into new markets. By way of example, the most recent quarter represented the first full quarter of operations for both the Antrim and Big Level wind farm projects.

With the world slowly but steadily transitioning to renewable energy sources, the appeal of TransAlta over traditional utility investments will only grow in time.

Finally, let's take a moment to talk about TransAlta's dividend. The company currently offers a [mouth-watering distribution](#) that has a yield of 6.24%. Additionally, TransAlta's dividend has a monthly payout that it has been paying out without fail for years. This makes what was already an impressive investment that much better, particularly for long-term investors looking to build wealth. Even a smaller investment of \$5,000 could provide income of \$300 to your portfolio. Putting that investment into [your TFSA](#) would also make that income and growth tax-free.

CATEGORY

1. Dividend Stocks
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TICKERS GLOBAL

1. TSX:RNW (TransAlta Renewables)

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