



Dividend Investors: This Trend Is Revolutionizing the World!

Description

Dividend investors, there is one trend you can't afford to miss out on. I am talking about the renewable energy trend. Stocks that are enabling the green energy transformation, like **Telsa**, have seen quantum expansion this year. Many renewable energy stocks have recently been bolstered by factors like the aggressive green energy plan presented by U.S. presidential candidate Joe Biden.

Dividend investors must have exposure to renewables

The fact is, ever since the 2014 oil crash, numerous institutional investors have been exiting "dirty" stocks, like oil and gas producers. Instead, they have turned their attention towards stocks that demonstrate good environmental, social, and governance (ESG) policies.

While many Canadian investors are faithful to their traditional dividend paying fossil fuel stocks, now is the time to start focusing on renewable energy stocks.

This trend is seeing an uptick in growth

Deloitte [noted earlier this year](#) that renewable energy is entering an entirely "new phase of growth driven largely by increasing customer demand, cost competitiveness, innovation, and collaboration." Renewables are not only cleaner sources of power, but they are increasingly cheaper sources of power. A trend that makes the world better at a cheaper cost is not a trend you want to fight against.

That is the reason renewable energy stocks are very attractive now. Not only do many of them reward investors with great dividends (between 2% and 6%), but the sector also has many years of growth ahead.

Brookfield Renewables is an investors dream for dividends and growth

One foundational dividend stock that investors should own is **Brookfield Renewable Partners** ([TSX:BEP-UN](#))([NYSE:BEP](#)). Although it pays a decent 3.76% dividend, this stock could help investors [double their money over the next decade](#).

BEP is one of the largest pure play renewable energy producers in the world. It produces approximately 19,300 megawatts of hydro, solar, and wind power across the world. Of course, BEP is at the forefront of the renewable energy transition. However, there are a few particular reasons why this stock could seriously reward dividend investors.

First, BEP just completed its deal to fully acquire Terraform Power. Prior to the transaction, Terraform was one of the largest solar power producers in the world. The transaction gives the combined company broader global scale, operational and cost synergies, and importantly, leadership in the sector.

Second, BEP's management mentioned that it sees a massive opportunity in solar. The Terraform deal will help lever this opportunity. BEP currently has 3,000 MWs of solar operations. Yet, its solar growth pipeline is more than three times that size (presently 10,000 MWs in different stages of development)!

Solar power is now one of the cheapest sources of power. Similarly, it is steadily attracting a lower cost of capital (due to a longer lifespan and more efficient technology). All this means, stronger returns on these investments long into the future.

Third, BEP has publicly listed a new corporate entity, BEPC. This will help broaden and deepen BEP's investor base, improve its ability to raise capital, and increase its inclusion in broader indexes/ETFs.

This dividend stock has the potential to double

Finally, BEP has a solid, investment grade balance sheet with \$3.4 billion of liquidity. Despite a reasonably large debt load, it has a highly contracted portfolio (91% of assets) that pays consistent and growing cash flows. BEP has grown its dividends for investors by a CAGR of 6% since 2012.

Given the massive opportunity, BEP could even do better than this over the next 10 years. While the stock is reaching 52 week highs, the green opportunity is only starting for this high-growth, dividend-paying stock.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing
4. Stocks for Beginners

TICKERS GLOBAL

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

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Author

robbybrown

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