



5 Green Power Stocks With up to 144% Growth

Description

Looking for an all-weather growth trend? Finding secular trends that will outlast the growing political maelstrom south of the border is no mean feat. However, there is at least one global megatrend that is likely to go the distance. For long-term investors — and even those looking for decent mid-term returns — the renewables space is hot. And it's likely to get even hotter. Let's look at a few investing options.

Think “diversified and defensive”

The green power megatrend is one of very few global secular patterns that offer sustainable growth. However, since it is such a strong thesis, it could prove immune not only to the pandemic, but also to political machinations. Concerned about the [upcoming U.S. election](#) and how it will affect growth stocks? While the Biden camp is bullish on green power, the opposite team is likely to bow to its potential in a zero carbon world.

Want to drill down on just one industry? A pure play on power from the sun, **Canadian Solar** trades on the NASDAQ, where it's been enjoying 12% share price growth this week. Contrastingly, a mix of hydroelectricity, wind, and solar is on offer from **Innervex Renewable Energy** ([TSX:INE](#)).

Indeed, diversification lowers the risk of overexposure while adding some larger-cap defensiveness. Utilities offer a particularly strong way to add locked-in revenue to a portfolio. Meanwhile, that green power angle brings access to [steep growth potential](#).

Names to buy in this space include **Northland Power** ([TSX:NPI](#)), **Algonquin Power & Utilities** ([TSX:AQN](#))([NYSE:AQN](#)) and **Brookfield Renewable Partners** ([TSX:BEP.UN](#))([NYSE:BEP](#)). There's a lot to unpack here for the lower-risk investor concerned less with sudden capital gains and more with long-term wealth creation. But steep near-term growth is on the table, too.

Balancing near-term growth with long-term income

These names are pandemic-proof, too — at least so far. Just look at their 12-month performances.

AQN is up 13%. Brookfield is up 25%. Innergex is up 63% year over year. Northland has gained 66%. And, of course, the pure-play Canadian Solar has leapt 144% in that time.

Dividends are on offer, too, which goes a long way towards a multi-year buy signal. Innergex pays a juicy 2.8% yield, while Northland pays a very similar yield. Northland's payout ratio of 62% stands out, though, since it allows some room for dividend growth. Brookfield's offering is richer yet at 3.3%. AQN tops them all, though, with a tasty distribution weighing in at an attractive 4% and 60% payout coverage.

With regards to election volatility, there are at least three ways to play renewables next month. The most obvious is to keep calm and carry on holding. Provided that your portfolio has been optimized for froth, the election may be one event that low-risk investors should sit out.

Otherwise, investors bullish on one side or another of the political divide can pick a team and weight their portfolios accordingly. Biden bulls with low exposure to renewables might want to buy shares now in order to ride the upside. Conversely, investors expecting a Trump win — but still seeking to grow renewables access — may want to wait for a selloff and build long-term positions as green power shares deteriorate.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:BEP (Brookfield Renewable Partners L.P.)
3. TSX:AQN (Algonquin Power & Utilities Corp.)
4. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
5. TSX:INE (Innergex Renewable Energy)
6. TSX:NPI (Northland Power Inc.)

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