



Brookfield Renewable (TSX:BEP.UN): Should You Buy the White-Hot Green Stock?

Description

Brookfield Renewable Partners ([TSX:BEP.UN](#))([NYSE:BEP](#)) shares have been picking up some serious traction lately, now up over 100% from their March bottom. With a U.S. presidential election looming, many investors expect a green-friendly Joe Biden to walk away as the victor, and they've likely placed their bets on such an outcome.

Brookfield Renewables is worthy of a premium price tag, given it has some of the best managers in the business. Still, given the froth that's developed across green energy stocks lately, I'd be more inclined to take profits on the name rather than looking to buy following a tremendous run that could be jeopardized by a surprise U.S. election result.

Brookfield Renewable Partners: A great dividend-growth play at a questionable valuation

In a [prior piece](#), I'd brought up the idea that green energy stocks, including the likes of Brookfield Renewable Partners, may have overrun their intrinsic value range in recent months. Undoubtedly, electric vehicles and sustainable energy have been the hot topic of conversation on Bay and Wall Street of late. However, I believe little has changed between now and the time I was pounding the table on BEP.UN stock earlier this year, when shares yielded north of 7%.

"If you're a retiree who needs a raise now, Brookfield [Renewable Partners] could be your cup of tea." I wrote, encouraging investors to back up the truck on renewable energy stocks. "I think you're nabbing a quality company with a renowned management team at a vast discount to intrinsic value. The enhanced yield is just the icing on the cake."

While I still believe that Brookfield Renewables is a premier player in the sustainable energy space, I'd much rather investors wait for a pullback before considering initiating a position in shares while they're at \$70. I think they're too hot to handle, and they could be due to run out of steam in the coming weeks.

BEP.UN shares aren't necessarily expensive at six times sales and two times book value, especially given the magnitude of secular tailwinds that lie ahead. However, given the election risks that lie ahead (a Trump victory could spark a broader pullback in some of the frothier green energy names), I'd err on the side of caution with the name.

Analysts aren't so quick to hike their expectations

Analysts have been quite mixed with Brookfield Renewable Partners of late, with Credit Suisse upping its neutral price target to \$70 over "ongoing growth in the renewable industry," and **Wells Fargo** downgrading the name to equal-weight from overweight, cutting BEP's price target from US\$53 to US\$50.

I think investors should follow in the footsteps of cautiously optimistic analysts by curbing their optimism with a name that's become a tad too expensive. A majority of my Fellow Fool colleagues remain bullish on Brookfield Renewable Partners at these heights. Fool [Ryan Vanzo](#) thinks that the name is a "safe stock" that can survive the next bear market, citing BEP is a "multi-decade story" that allows one to "take advantage while mitigating downside exposure."

Although Vanzo is right on the money in that BEP has powerful multi-decade tailwinds at its back, I don't think the name is a very safe play after its tremendous run, especially if a U.S. Republican victory sparks a reversal in the hottest of green stocks. My takeaway? Stay cautious on the renewables, and let them come down to Earth before you load up.

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