



TFSA Investors: How to Turn a \$3,000 Investment Into \$23,000!

Description

It's December, and Tax-Free Savings Account (TFSA) investors might be considering how to invest the remainder of their 2020 contribution capacity. In 2020, the TFSA contribution was increased by \$6,000. Fortunately, next year the Canada Revenue Agency has promised to raise the contribution an additional \$6,000. Regardless, if you have some money to invest right now, the TFSA is the best registered account to build long-term wealth.

Forget the Boxing Day TV: Invest in your TFSA

Have you paid all your Christmas expenses and still have \$3,000 left over? Forget about buying that 70" OLED TV Boxing Day "deal." Rather, put it in your TFSA and invest it in this stock, and you could turn it into \$23,000!

A perfect TFSA stock

Brookfield Renewable Partners ([TSX:BEP.UN](#))([NYSE:BEP](#)) is a perfect stock to hold for forever in your TFSA. It has a great combination of secular growth trends, market leadership, global scale, and stable, growing free cash flows/dividends. If you'd bought this stock at the start of 2010 and reinvested all your dividends, you'd have ended up with a total 731% return. That's an average annual total return of 21.37%!

If you compound that growth rate (including dividend reinvestment) over the next decade, you could be turning your \$3,000 into \$23,000. The most important part is that your TFSA will protect all those returns from being taxed. That way you can purely compound your returns over the next 10, 20, or 30 years!

Here are a few reasons why Brookfield Renewable is an attractive investment today.

A green revolution

Firstly, every TFSA should have exposure to the green energy revolution. Green energy and ESG (environmental, social, and corporate governance) principals have become incredibly in vogue over the past few years. In fact, many large institutions and sovereign wealth funds will now only invest in businesses that have elements of ESG.

Likewise, large power consumers (large companies like **Amazon**, **Facebook**, and **Microsoft**) are choosing to primarily source their energy needs from green sources. The [International Energy Association](#) has reported that even through the pandemic, global green power consumption has increased by over 7% in 2020. No other energy fuel has even grown in demand this year.

Own the best and the largest

Secondly, why not own one of the largest pure-play renewable businesses in your TFSA? BEP manages \$52 billion worth of multi-technology green power assets across four continents. That's 19,400 MW of power across 17 countries. This means it has both scale and expertise to manage and operate green power assets basically anywhere. Wherever value-adding development and acquisition opportunities arise, BEP is able to quickly and efficiently deploy capital. Currently, BEP has 18,000 MW in its development pipeline — almost double its current power production!

TFSA growth potential from every direction

Finally, this TFSA stock is very well financed and has the backing of its parent organization, **Brookfield Asset Management**. It has a BBB+ grade credit rating and an average debt maturity of 14 years. 85% of its debt is at the asset level with limited recourse to the organization. Currently, it sits with \$3.4 billion of liquidity, so it is amply capitalized for growth in the future. It has a strong history of strong cash flow growth. Since 2010, it has grown fund flow from operations (FFO) per unit by a CAGR of 10%. Management targets 6-11% annual organic FFO growth for the next five years. Acquisitions could boost that growth by a further 4-5% CAGR. Currently it pays a decent 3% dividend.

The Foolish bottom line

Overall, BEP offers TFSA investors a great balanced mix of utility-like stability, secular investment trends, and [ample growth capacity](#). The world is only going to get greener in the new decade, so I wouldn't wait to long to get into this stock.

CATEGORY

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

POST TAG

1. Editor's Choice

TICKERS GLOBAL

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

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

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

Tags

1. Editor's Choice

Date

2025/07/25

Date Created

2020/12/11

Author

robbybrown

default watermark

default watermark