Millennials: 2 Soaring Green Energy Stocks With Big Yields!

Description

Millennials are big into the ESG (environment, social, governance) responsible investing. They want to make a difference in the world, and they're doing so with their wallets and their portfolios. Not only are ESG-friendly stocks capable of posting stellar results, but some of the more obvious ones, green energy stocks, are capable of sporting massive (and sustainable) dividend yields alongside above-average growth.

In most instances, you either go for growth or you reach for yield — not both. With certain renewable energy stocks, though, you can have your cake and eat it, too! This piece will look at two sustainable energy stocks that have big yields and considerable momentum heading into the new year.

So, if you're a millennial investor or desire to invest like one to get the best of both worlds, consider shares of **TransAlta Renewables** (TSX:RNW) and **Algonquin Power & Utilities** (TSX:AQN)(NYSE:AQN), two green energy plays with yields of 4.9% and 4%, respectively, at the time of writing. Given each name is up big in recent months, shares of both companies are no longer the steals they once were. That said, they're still pretty cheap when you consider the growth that each firm is capable of and the magnitude of secular tailwinds to their back.

TransAlta Renewables

Last year, when TransAlta stock yielded almost 7%, with a mere 1.6 price-to-book (P/B) multiple, I'd urged investors to get greedy with the then "underrated" green energy stock. Fast forward to today, and the stock is up over 36%, with a yield that's now compressed considerably. As green energy stocks continue to be rewarded by young investors looking to invest in the markets for the first time, I'd argue that plays like RNW still have ample room to run.

The millennial-driven green tailwind isn't going anywhere. If anything, it could strengthen in 2021 and beyond, as the millennial cohort becomes more influential in the investment world. If you lack green energy plays that are capable of growth and dividend growth, stash RNW stock in at the core of your TFSA and be ready to buy more on dips, as the firm continues growing its book of sustainable energy assets.

Algonquin Power & Utilities

Algonquin is another green energy stock that could have a big 2021. Unlike many of its peers in the clean energy scene, Algonquin has had more than its fair share of challenges due to COVID. Once the pandemic subsides, the company will be back on the growth track with its lucrative project pipeline. Algonquin has more than enough financial flexibility to pull the trigger on acquisitions, as it looks to hike its already generous dividend by another 10%.

In a recent investor day meeting, Algonquin shed light on subtle changes to its five-year investment plan. The changes themselves were nothing to write home about, but the fact that the growth plan is still on track should have investors pounding the table while shares are below their pre-pandemic levels. The stock currently trades at 2.1 times book value and is ripe for picking for value-conscious investors who want to be on the right side of one of a profound secular trend.

The 4%-yielding dividend is growing very quickly, which is more than enough incentive to stash the name in your TFSA as you wait for the stock to recover.

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TICKERS GLOBAL

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2. TSX:AQN (Algonquin Power & Utilities Corp.)
3. TSX:RNW (TransAlta Renewables)

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Date
2025/09/16
Date Created
2020/12/24
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