



## 1 Top Canadian ESG Stock to Buy for the Long Term

### Description

Of late, a paradigm shift is taking over in the investing world. Investors are becoming increasingly concerned with the [environmental, social, and governance](#) (ESG) impacts of their investments. This ESG trend has permeated from institutional mandates to retail investors. Accordingly, investors are increasingly re-thinking how they choose to build their portfolios today.

Indeed, generated returns is still the primary objective of investors. But doing so in a way that helps the environment has become the priority.

In this article, I'll discuss why this sort of environment is perfect for companies like **Boralex** ([TSX:BLX](#)). While valuation concerns may cap some of the capital appreciation in this sector, these stocks are among the [best positioned](#) in the market today. Accordingly, those seeking growth ought to be giving these stocks a hard look.

### The bigger picture for Boralex

Boralex is a relatively well-known player in the Canadian renewables space. That said, this company's market cap remains smaller than many of its peers. Currently, Boralex is valued at less than \$4 billion.

However, Boralex happens to have a rather diverse renewables portfolio spread across North America and Europe. The majority of the company's earnings come from outside Canada, making this a great pick from a geographical diversification perspective.

Additionally, the quality of the company's assets is top notch. For those looking to take advantage of growth in renewable energy demand, Boralex is an excellent choice. The company has secured long-term purchase agreements for its renewable power. Most of these agreements span time frames of more than a decade. Thus, Boralex provides a level of cash flow certainty that's hard to find in the market today.

## Strong fundamentals

Boralex's stock price performance has been pretty impressive over the past five years. Capital appreciation of roughly 140% has highlighted the increased value Boralex has brought to investors via its renewables portfolio.

The company's dividend of 1.3% is small, but meaningful. The company's rising share price is partly to blame for the company's low yield. However, as cash flow rises, investors can expect dividend increases to help stabilize its yield at higher levels.

The company's price-to-earnings ratio remains high at nearly 80 times earnings at the time of writing. That's not cheap. However, it appears Boralex's premium relative to other energy plays is warranted. The market is seeking more alternative power generation, and Boralex provides this in spades.

## Bottom line

With a positive political and market backdrop for renewable energy, Boralex stands to benefit over the long run. This isn't a cheap stock by any stretch of the imagination. However, Boralex remains a top pick for many ESG-focused investors.

For those who believe the ESG catalyst has legs, Boralex is a stock to check out today.

### CATEGORY

1. Energy Stocks
2. Investing

### POST TAG

1. energy
2. growth
3. growth stocks
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1. TSX:BLX (Boralex Inc.)

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