



TSX Today: This Clean Energy Stock Just Got US\$7 Billion!

Description

It's all well and good to want clean energy stocks to do well. And to be fair, they were doing quite well at the beginning of the year. But the **TSX** today tells a different story. After a major boost in many clean energy stocks, there was an enormous pullback. It became clear that we're still a ways off from a net-zero carbon emission economy around the world.

Or are we?

Some major investors believe that the world can shift over to clean energy far sooner than others realize. And they're willing to bet US\$7 billion on that transition. The major recipient of this cash?

Brookfield Asset Management (TSX:BAM.A)([NYSE:BAM](#)) and **Brookfield Renewable Partners** ([TSX:BEP.UN](#))([NYSE:BEP](#)).

The investors

This investment on the TSX today is going towards Brookfield Asset Management's Brookfield Global Transition Fund. The US\$7 billion makes it the largest pool of private cash that aims to shift towards a net-zero carbon-producing [economy](#). The largest sources of investment come from Temasek, a Singaporean sovereign wealth fund, and the Ontario Teachers' Pension Plan Board (OTPPB). This latter has been a coveted spot for decades by companies for investment, with currently \$221.2 billion in assets.

The goal supported by both the OTPPB and Temasek is to reach a net-zero carbon economy by 2050 or sooner. According to a statement by the OTPPB, "The fund targets investment opportunities relating to reducing greenhouse gas emissions and energy consumption, as well as increasing low-carbon energy capacity and supporting sustainable solutions."

While US\$7 billion is certainly a great start, Brookfield stated that raising cash isn't done yet. The company aims to create a hard market capitalization of US\$12.5 billion on the TSX today. This latter US\$5.5 billion should come from more investors later this year.

Why should you care?

Never mind the environmental impact; Motley Fool investors should care about this because of how it affects the TSX today. Brookfield offers large-scale capital around the world. Its renewable power business has become a “leader in [decarbonization strategies](#), as one of the world’s largest investors, owners, and operators of renewable power with approximately \$60 billion in assets under management,” according to the company.

This diverse network of energy sources is what the OTPPB and others believe is the best investment — not just for the future itself, but for the future of the economy. And that makes now a fantastic time to jump on these stocks.

The TSX today is still in the midst of a pullback in clean energy stocks. Motley Fool investors can still buy many on the cheap, with a significant boost, as more investors sign on to these companies.

Brookfield Asset Management shares are up 44% in the last year, providing a strong investment that’s remained strong with a rebounding economy. Brookfield Renewable, however, saw shares jump by 70% between last July and January 2021, only to fall by 23% as of writing. But since May, shares are slowly climbing back up, especially on the back of this significant news.

What should Fools do?

Consider adding Brookfield Renewable to your watchlist or, at the very least, Brookfield Asset Management. This investment is the first behind some major moves in the company’s future. In the next year, analysts predict a price-to-earnings ratio of 175.3! That’s insanely high, whereas today you can pick it up for a price-to-book ratio of just 2.2! As sales and earnings continue to soar, shares and dividends are likely to climb as well. You can pick it up today with a [dividend yield](#) of 3.13%.

Whether you believe we’ll achieve carbon neutrality by 2050 or not, Brookfield is a smart investment on the TSX today. Motley Fool investors would be wise to watch the stock for major movement. You may see major returns far sooner than you think.

CATEGORY

1. Energy Stocks
2. Investing
3. Personal Finance

TICKERS GLOBAL

1. NYSE:BEP (Brookfield Renewable Partners L.P.)
2. NYSE:BN (Brookfield Corporation)
3. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
4. TSX:BN (Brookfield)

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