



## The Passive Income Opportunity You Just Can't Miss

### Description

Finding the [right mix of investments](#) can be hard at times. Adding to that, finding that one investment that can cater to both growth and income needs can seem impossible. Fortunately, there are some real gems on the market right now. One such example can only be looked at as a superb passive income opportunity.

### Opportunity awaits

That opportunity is **TransAlta Renewables** ([TSX:RNW](#)).

For those investors who are unfamiliar with the company, TransAlta is a renewable energy power generation company. Specifically, TransAlta's portfolio includes wind, solar, hydro, and gas facilities. Those facilities are located across Canada, the U.S., and Australia.

TransAlta's power generation business generates a recurring and stable source of revenue. This isn't unlike traditional fossil-fuel utilities, which are known for their defensive prowess. Additionally, TransAlta's facilities are privy to the same long-term regulated contracts that traditional utilities follow.

Where TransAlta does differ from its dirtier fossil fuel peers is with regards to growth. Traditional utilities are often stereotyped as no-growth investments. That view sees utilities as lacking the incentive, or financial muscle to invest in growth initiatives.

This view doesn't apply to TransAlta. The company is constantly building out or acquiring new assets to add to its portfolio. One recent example of this included the deal to acquire a 122 MW solar facility in North Carolina.

Finally, unlike its traditional utility peers, TransAlta is not burdened with the heavy transition costs of moving to renewable energy, putting the company in a prime position for growth-focused investors.

## How about results?

The most recent quarterly update dropped during the latter part of the summer. In that quarter, TransAlta reported results that were heavily impacted by outages and reduced production. As a result, both EBITDA and adjusted funds from operations (AFFO) dropped by \$18 million and \$26 million, respectively.

The lower-than-expected results also pushed TransAlta to lower its guidance for the rest of the year. The company now expects EBITDA to fall between \$470 to \$500 million. Similarly, AFFO guidance has dropped from \$310 to \$340 million.

Should prospective investors be concerned with these results? In a word, no. Those drops were attributed to unexpected events. More importantly, they didn't defer TransAlta from pushing out its tasty dividend or stop it from pursuing new acquisitions.

## Let's talk income

That incredible passive income opportunity comes down to TransAlta's dividend.

The company offers a rare monthly distribution to investors. At writing, that juicy yield works out to an impressive 4.91%. This makes TransAlta one of the better-paying investments on the market. That appeal only increases when you consider the stable and growing business model that TransAlta adheres to.

To put that earnings potential into context, a \$35,000 TransAlta investment in your TFSA will generate over \$140 each month tax-free. If you aren't ready to draw on that income, reinvesting it until needed will see that figure rise considerably.

## Will you act on this passive income opportunity?

There's no such thing as a risk-free investment. Every stock, no matter how defensive, will occasionally dip. It is at these points, or when that growth slows that an opportunity presents itself.

In the case of TransAlta Renewables, that [opportunity is now](#). The stock is down by the double digits year to date despite its growing business and attractive income.

In my opinion, TransAlta Renewables is a great pick for any well-diversified portfolio.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. TSX:RNW (TransAlta Renewables)

## **PARTNER-FEEDS**

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

## **PP NOTIFY USER**

1. arosenberg
2. dafxentiou

## **Category**

1. Dividend Stocks
2. Investing

## **Date**

2025/06/30

## **Date Created**

2021/10/25

## **Author**

dafxentiou

default watermark

default watermark