



Renewable Energy Investments to Line Your Portfolio With

Description

Is your portfolio well diversified? Owning a variety of stocks across multiple segments of the economy is always a recommended approach to building a portfolio. Occasionally, an opportunity for long-term growth presents itself within one of those segments. Currently, that opportunity lies with renewable energy investments.

Here are two candidates to consider adding to your portfolio.

Why investing in renewable energy investments makes sense right now

Addressing climate change is now a top priority among a growing number of nations around the world. And with that growing popularity comes a stellar opportunity for investors.

Utilities are some of the best long-term investments on the market. The reason for that comes down to the lucrative, yet defensive business model they follow. Utilities provide a necessary service. The utility receives compensation for that service based on the terms set out in long-term regulatory contracts.

In other words, for as long as the utility continues to provide a stream of power, it will generate a stable and recurring revenue stream.

Now, the appeal of renewable energy investments comes down to the increasing importance of the environment. Because of that growing necessity to provide clean energy, traditional (fossil fuel-burning) utilities are scrambling to transition to renewables. The costs associated with that transition can be huge — think billions of dollars.

Renewable energy companies, however, already have a head start in this regard. Rather than spending billions in capital-transition costs, they can invest in growth and reward shareholders with handsome gains.

Convinced yet? Here are some great renewable stocks to buy for your portfolio.

Would you like a monthly income stream?

TransAlta Renewables ([TSX:RNW](#)) is the first stock on my list. The company operates a growing portfolio of facilities located across Canada, the U.S., and Australia. Collectively, those facilities generate a whopping 2.8 GW of electricity. That unique diversification mix isn't just geographical either; TransAlta's more than 40 facilities boast a variety of different technologies such as wind, solar, and hydro.

Adding to the defensive appeal of the stock, many of those facilities have contract expiration dates a decade or more out. Fortunately, that steady revenue stream also helps TransAlta provide a juicy monthly distribution. That's something that even some renewable energy investments can match.

That payout currently boasts a yield of 5.04%, handily making it one of the [better-paying stocks](#) on the market.

This stock has huge (green) potential

Another utility stock to consider adding to your portfolio is **Algonquin Power & Utilities** ([TSX:AQN](#))([NYSE:AQN](#)). Algonquin's facilities are located in the U.S., Canada, and the Caribbean.

The all-renewable nature of Algonquin has allowed the company to grow rapidly over the past decade, primarily through a series of well-executed acquisitions.

Speaking of growth, Algonquin has earmarked 1.6 GW of new sustainable facilities to come online within the next four years. By way of comparison, the company currently has approximately four GW of capacity across its current and in-development facilities. In other words, investors can expect some solid growth to come over the next few years.

In terms of a dividend, Algonquin provides investors with a tasty quarterly payout. The current yield on that dividend works out to 4.84%. Adding to that appeal is over a decade of respectable annual bumps to that dividend.

Another reason to buy Algonquin now is the company's current stock price. Despite the incredible long-term appeal, Algonquin is trading down a few points year to date. Longer term, the stock is trading flat over the trailing two-year period.

Final thoughts on renewable energy investments

As a reminder, there's no such thing as an investment without risk. Fortunately, renewable energy investments such as the ones mentioned above tend to be lower risk and [higher reward](#). This is particularly true for long-term investors, where the growth potential is massive.

In my opinion, one or more of these renewable energy stocks should be part of any well-diversified portfolio.

CATEGORY

1. Energy Stocks
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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

2025/08/21

Date Created

2021/11/29

Author

dafxentiou

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