



2 Undervalued Dividend Stocks Trading Near 52-Week Lows

Description

Are you shopping for undervalued [dividend stocks](#)? Start your research with renewable energy stocks that pay good dividends. Right now, they're trading near their 52-week lows and appear to be excellent bargains, according to analysts.

An undervalued dividend stock for long-term growth

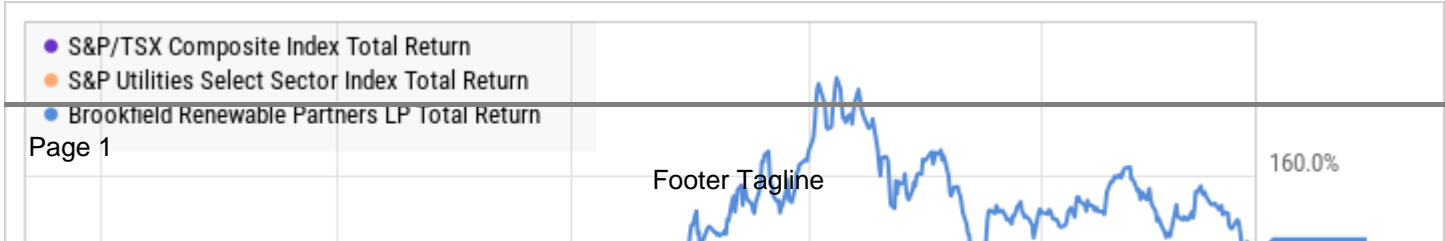
Good news! **Brookfield Renewable Partners** ([TSX:BEP.UN](#))([NYSE:BEP](#)) stock is trading at 33% below its 52-week high and 2% above its 52-week low. One analyst may be biased. But 11 analysts have a 12-month average price target that's about 26% higher than current levels, which suggests the dividend stock is undervalued. Brookfield Renewable stock also pays a decent yield of 3.6%. With its renewed normal course issuer bid, the utility is ready to buy back up to 5% of its units should it find the stock cheap enough.

The world is decarbonizing and transitioning to clean and renewable energy. Brookfield Renewable is at the centre stage of this trend. The company has close to US\$58 billion of assets under management across major technologies (hydro, wind, solar, and energy transition). It is a global leading owner, operator, *and* developer of renewable energy and decarbonization technology.

The dividend stock's portfolio spans North and South America, Europe, and Asia-Pacific. About 84% of its cash flow is under long-term contracts, averaging 14 years. Its high-quality cash flow supports a healthy cash distribution that can grow 5-9% a year.

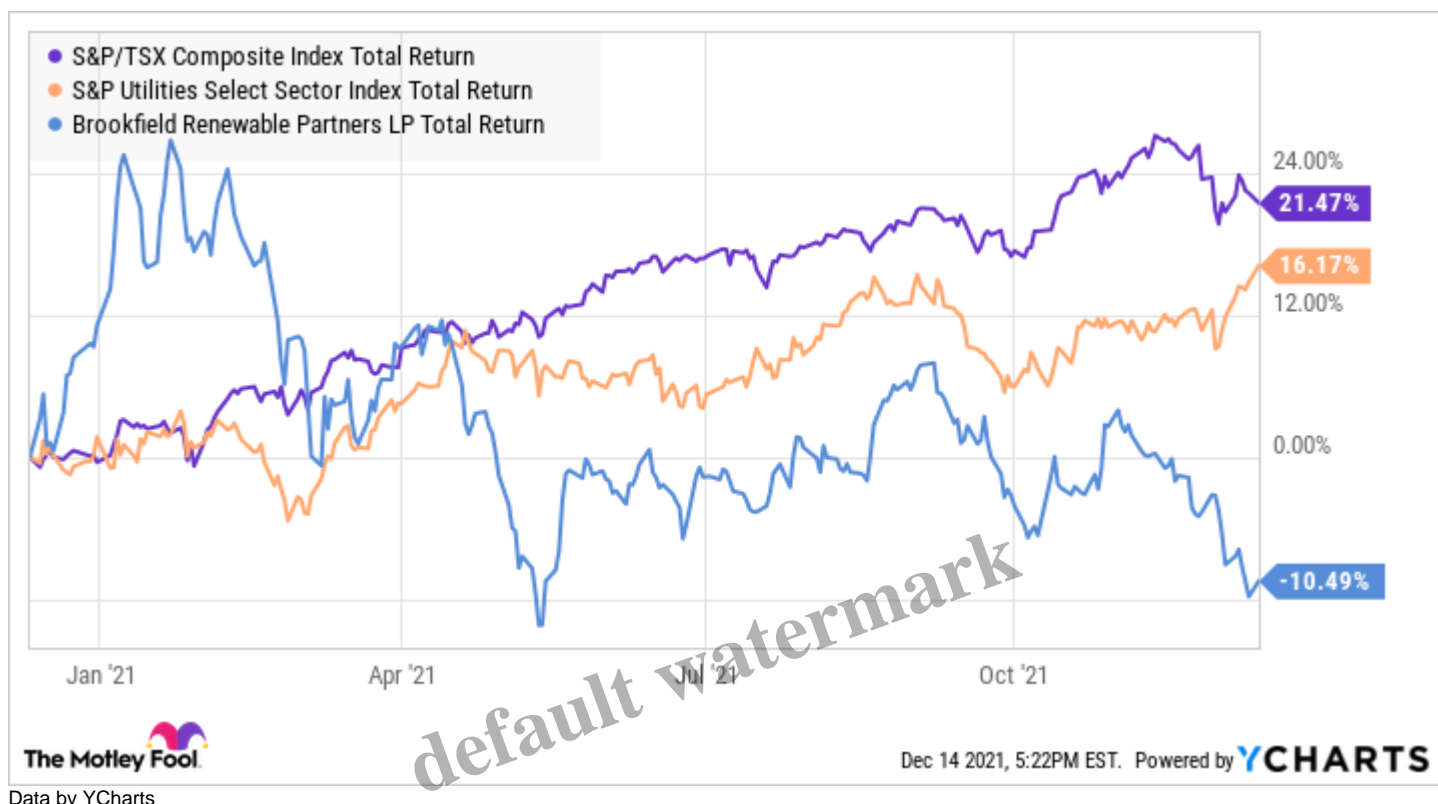
Management also aims for 12-15% returns on invested capital. Since the stock is cheap now, investors could potentially generate even higher returns than that over the next five years. But really, it's a stock that can be held for the next few decades for long-term growth because of its involvement in decarbonization.

BEP has outperformed the benchmarks in the long run. (Below is a five-year total return chart as illustration.)



Data by YCharts

And it has underperformed in the short run, which can turn out to be a good buy-the-dip opportunity. (Below is a one-year total return chart as illustration.)



Algonquin stock

Algonquin Power & Utilities ([TSX:AQN](#))([NYSE:AQN](#)) is another utility that's also involved in renewable power generation. However, it also provides regulated utility services, primarily in distributing electricity, natural gas, and water.

The dividend stock just hosted its investor day yesterday. It updated its 2022-2026 capital program to US\$12.4 billion. The utility's previous five-year capital plan for 2021-2025 was US\$9.4 billion. It invested US\$3.4 billion during the first nine months of 2021, which means its new capital program added US\$6.4 billion of projects.

Indeed, the company has found plenty of projects to invest in. It has advanced more than 600 MW from its prospective greenfield pipeline into its new five-year capital plan, including four solar projects in the U.S. Permian Basin to be developed with **Chevron**.

[Algonquin stock](#) trades about 23% below its 52-week high and only 2% above its 52-week low. The dividend yields 5%, paying a U.S. dollar-denominated quarterly dividend, equating an annualized payout of US\$0.6824 per share. 12 analysts have an average 12-month price target that's about 23% higher than current levels, which suggests the dividend stock is discounted.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

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3. TSX:AQN (Algonquin Power & Utilities Corp.)
4. TSX:BEP.UN (Brookfield Renewable Partners L.P.)

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