



Why Brookfield Renewable Is the Most Valuable Stock on the TSX Today

Description

Brookfield Renewable ([TSX:BEP.UN](#))([NYSE:BEP](#)) has had a [rough](#) year. After reaching all-time highs of around \$70 a year ago, it's now nearing what analysts have called "the floor." And there are unfortunately two sides to this flipping coin.

On the one hand, analysts believe Brookfield and other renewable companies on the **TSX** today will outperform. In fact, many continue to upgrade these stocks. At the same time, analysts also trimmed their target prices for these companies. And that includes Brookfield.

And yet, that's what makes the company the most valuable stock on the TSX today.

Today's situation

It's a dire one, I'll give you that. Brookfield Renewable seemed to have the world at its feet a year ago. The company was in the right field at the right time, with new US President Joe Biden announcing investment into renewable energy companies like Brookfield.

Yet after soaring to all-time highs, shares soon dropped in this area. This came as many realized it would be a long while before Brookfield and others would see the benefits, causing them to take their returns. This situation only [worsened](#) as the market became unstable once more.

Growth stocks have now been set aside for value stocks that can provide stable growth. In Brookfield's case, it doesn't seem to fall into this category. But I would argue, along with many analysts, that this is actually an opportunity in disguise.

What analysts say

BMO Nesbitt Burns analyst Ben Pham recently came out with his own opinion about the future of Brookfield and other renewable companies. While he believes the stock will soon outperform, he also cut his target from US\$40 to US\$38. That would be a potential upside of almost 20% as of writing.

So why the change on the TSX today? Brookfield Renewable is “one of the largest publicly traded renewable power companies with a global footprint across all key technologies, BEP is the ‘go-to’ for renewable power investment,” Pham said. He went on to say its 10% growth rate, scale, and balance sheet will allow for growth for the fund without seeking outside help.

The next decade will prove its worth

Investors have to remember, the TSX today is a scary place. We’re still in the midst of a pandemic, and that’s what the government needs to fund immediately. At the same time, governments around the world aren’t ignoring renewable energy completely. It’s therefore a great time to get in on the action before the boom.

And there will be a boom. While the first few years will be rocky, Brookfield Renewable offers a strong place to put your investment and see stable returns in the decade to come. The more the world invests, the stronger it will be. And that’s again without counting on external funding.

Don’t let the share price fool you. The third quarter delivered record-high funds from operations, with several growth opportunities executed. It continues to be the world’s leading diversified clean energy business. Therefore, it’s the most likely to benefit from the growth in clean energy around the world.

Yet shares are down 34% in the last year. In the next year, that share price is set to explode. The average target price remains at \$52, giving investors a potential upside of 24% as of writing. And there’s a nice 3.69% dividend yield while you wait. That’s a [value stock](#) anyone should jump on while they have the chance.

CATEGORY

1. Energy Stocks
2. Investing

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2. TSX:BEP.UN (Brookfield Renewable Partners L.P.)

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