1 Oversold Dividend Stock I'd Buy in Bulk

Description

Brookfield Renewable Partners (TSX:BEP.UN)(NYSE:BEP) is one of the top stocks I'd consider these days. The clean energy company has so much going for it in the future, and yet it's a dividend stock I'd pick up today simply for passive income.

These days, Brookfield is actually an oversold dividend stock. At the time of writing, it trades at a relative strength index of just 30, making it technically in oversold territory. Furthermore, it trades at 2.05 times book value, putting it in value territory.

So, let's look at *all* the reasons a Motley Fool investor may want to buy this dividend stock.

How about the dividend?

Let's first look at the most obvious reason for picking up this dividend stock, and that's its dividend! Brookfield stock offers a yield of 3.36% as of writing. That's $1.55 per share per year and was just increased this March by 5.33%.

But let's look even further back. Brookfield has been providing a dividend ever since it came on the market, as it's a real estate investment trust (REIT). During the pandemic, that yield dropped. However, long-term the dividend has increased at a relatively strong rate.

In the last two decades alone, the dividend stock boosted its yield by 252%! That's a compound annual growth rate (CAGR) of 6.5% that Motley Fool investors can look forward to for the next few decades.

The booming industry

If you look back at the performance of Brookfield, you'll immediately notice that shares jumped back in January 2021. That's because the United States had a new president, Joe Biden, who announced he would be putting billions into clean energy projects.

Brookfield stood to gain a lot from that, given that it has clean energy assets around the world. Not only that, but it has practically every clean energy asset you could think of: hydro, wind, solar — you name it. And that's only growing, with the company retaining a strong balance sheet, allowing for further acquisitions and projects.

You'll also notice that shares then dropped for clean energy companies, including Brookfield. This was from investors taking their returns, as there was a fallback in growth stocks. But that doesn't make the investment any less strong.

The war in Ukraine has made it abundantly clear that countries cannot depend on outside entities for power. This has led to a major increase in clean energy projects across Europe, and it's bound to happen for North America as well. As Brookfield continues to bring in strong earnings from this growth alone, shareholders will certainly benefit in the coming decades from the dividend stock.

What experts say

Analysts remain just as confident in the future of Brookfield, especially at these prices. The higher power prices in Europe have been fueling cash flow, and support future revenue and expansion for the dividend stock.

In the short term, there may be lower power generation from its North American and Brazil hydro operations. But long term, the company just had a recent debt issuance that could move along growth plans — especially as it has several assets under construction and soon ready to go. This would include wind farm projects in the United States as well as solar power in India.

Bottom line: analysts believe the stock will continue to outperform. And Motley Fool investors could be missing out on a huge opportunity with the oversold dividend stock. Because even if shares remain stable for now, you'll miss out on strong passive income in the meantime.

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Author
alegatewolfe