



1 Oversold Dividend Stock (With a 4% Yield) to Buy in December

Description

The market turbulence in 2022 has dragged multiples of several TSX stocks lower. As the stock price is inversely related to dividend yields, the pullback offers an opportunity for income-seeking investors to enjoy tasty yields in the next year.

Quality dividend stocks can help you create a predictable passive-income stream as well as benefit from long-term capital gains. Here is one such oversold blue-chip [dividend stock](#) in **Brookfield Renewable Partners** ([TSX:BEP.UN](#)) that investors can buy in December 2022. Let's see why.

Is Brookfield Renewable Partners a buy or sell?

Among the largest clean energy companies globally, Brookfield Renewable has already delivered market-thumping returns to its shareholders. In the last 20 years, the stock has returned an astonishing 2,000% in dividend-adjusted gains to investors, easily outpacing the S&P 500 index, which is up 405% in this period.

However, Brookfield Renewable stock is currently trading 35% from all-time highs, valuing the company at a [market cap](#) of \$26 billion. It pays investors an annual dividend of \$1.74 per share, translating to a forward yield of a tasty 4.34%.

So, an investment of \$10,000 in this [renewable energy stock](#) would allow investors to earn \$434 in annual dividend payments. If you invested \$10,000 in BEP stock 20 years back, you could have purchased 1,235 shares of the company. Today, these shares would earn \$2,148 in annual dividends, increasing your effective yield to over 20%.

In addition to a steady dividend payout, there are several reasons to invest in Brookfield Renewable. The company operates one of the largest pure-play renewable power platforms globally across hydro, wind, and solar in the Americas, Europe, and Asia.

The worldwide shift towards clean energy solutions is inevitable, and it will be a key long-term driver for Brookfield Renewable's cash flows and earnings. Brookfield already has a diverse base of cash flows

that are supported by best-in-class assets and a strong contract profile.

Its growth strategy is proven, and the management is targeting to deliver shareholder returns of between 12% and 15% annually, with annual dividend distribution growth between 5% and 9%.

Armed with an investment-grade balance sheet and access to diverse capital sources, Brookfield Renewable remains a compelling bet for investors in 2022.

What's next for Brookfield Renewable stock and investors?

In the third quarter, Brookfield Renewable generated US\$243 million in funds from operations, an increase of 15% year over year. It closed or secured investments of up to US\$6 billion in the September quarter. The company advanced key commercial priorities and secured contracts to deliver 2,600 gigawatt hours of clean energy each year.

Further, the renewable energy heavyweight commissioned 2,700 megawatts of new projects, including commissioning a 1,200-megawatt solar facility in Brazil, while continuing to execute its 19,000-megawatt pipeline. These projects are expected to contribute US\$260 million of funds from operations.

Brookfield has completed US\$1.4 billion of asset-recycling activities allowing it to end the quarter with US\$3.5 billion of liquidity, which provides it with the financial flexibility to navigate an uncertain environment.

Analysts tracking BEP stock remain bullish on the company and expect shares to surge by 30% in the next 12 months.

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