



Forget Tesla (NASDAQ:TSLA): 2 Top Renewable Energy Stocks to Buy in 2021

Description

It was hard to ignore **Tesla's** ([NASDAQ:TSLA](#)) dominant performance in the stock market in 2020. Shares of the electric vehicle company were up an incredible 700% last year. The stock has been off to a slower start in 2021, but it's still managing to easily outperform the returns of the broader U.S. stock market.

While the fundamentals may not totally make sense for Tesla's valuation, investors are incredibly bullish on the company itself. While I'm personally not a Tesla shareholder, I can forgive investors who are buying at these prices. I might not be as bullish on Tesla as the shareholders themselves, but I sure am invested in other individual stocks in the renewable energy sector.

Canadian investors have the luxury of choosing from a variety of [top renewable energy stocks](#). Even better, many of those companies have broad geographic footprints, giving investors exposure to far more than just the Canadian market.

If you're looking for exposure to the renewable energy sector, but aren't willing to take on the volatility that Tesla shareholders can expect, here are two great alternatives.

Brookfield Renewable Partners

My top pick in this sector for Canadian investors is **Brookfield Renewable Partners** ([TSX:BEP.UN](#))([NYSE:BEP](#)).

The green energy company provides investors with diversification almost at a level that an exchange-traded-fund (ETF) would. It owns and operates all kinds of renewable energy facilities across the entire globe.

It's also a subsidiary of one of the top asset management companies in the world, **Brookfield Asset Management**. The parent company owns a 60% stake in the renewable energy subsidiary.

Brookfield Renewable Partners may be as diversified as an ETF, but it sure doesn't perform like one.

Shares of the renewable energy stock were up more than 70% in 2020. In comparison, the **S&P/TSX Composite Index** barely returned a positive gain last year. Looking back even further, shares of Brookfield Renewable Partners are up more than 200% over the past five years.

It's not the historical track record that made me add this renewable energy stock to my portfolio this year. Rather, it's the growth potential of the green energy sector that has me on a mission this year to add at least two green energy stocks to my portfolio in 2021.

Boralex

Brookfield Renewable Partners may have been my first green energy stock to buy this year, but **Boralex** ([TSX:BLX](#)) might be my next.

At a market cap of just \$5 billion, Boralex is less than half the size of Brookfield Renewable Partners. But even though the company is smaller, it can offer Canadian investors similar benefits to what Brookfield Renewable Partners can provide.

Boralex also has a global presence, with operations in North and South America, Europe, and Asia. It also provides its customers with a range of renewable energy sources, including hydro, wind, and solar.

Boralex is no stranger to outperforming the Canadian market too. Shares of the renewable energy stock were up nearly 100% in 2020 and are up 225% over the past five years.

Another reason to own a Canadian renewable energy stock is that many of them pay a dividend. It's relatively rare to find a company that consistently drives market-beating growth and pay a dividend at the same time.

At today's stock price, Boralex's annual dividend of \$0.66 per share is good enough for a yield of 1.3%. It's not exactly a [top dividend payer](#), but consider it an added bonus to a stock that has plenty of years of market-beating growth ahead of it.

Foolish bottom line

If you're not willing to buy Tesla shares at these prices, you're not alone. I'm a big believer in Elon Musk and the company, but that doesn't mean I'm willing to load up on Tesla shares.

There are plenty of great alternatives to Tesla when it comes to investing in the renewable energy sector. Brookfield Renewable Partners is a solid first company to own as an entry into the sector. It was the first stock of the sector that I added to my portfolio, and Boralex could be the next.

CATEGORY

1. Energy Stocks
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TICKERS GLOBAL

1. NASDAQ:TSLA (Tesla Inc.)
2. NYSE:BEP (Brookfield Renewable Partners L.P.)
3. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
4. TSX:BLX (Boralex Inc.)

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