



Renewable Energy Stocks Are Soaring: Here's My Top Pick for 2021

Description

Technology might have been the top sector in 2020, but the renewable energy sector wasn't far behind. And for both sectors, I think we'll see the growth continue through 2021.

Valuations of some of the [high-flying tech stocks](#) are getting rather high, raising concerns of a potential tech bubble. Whether or not that's true, an eventual pullback in the tech sector should not come as a surprise.

Renewable energy stocks might not be able to match the growth levels that investors are seeing in the tech sector, but valuations are much more reasonable. In addition to attractive valuations, the long-term growth potential of the green energy sector has never seemed so evident.

Investing in renewable energy stocks

Heading into 2021, a top priority for my individual stock portfolio was to gain exposure to the [renewable energy sector](#). Not only do I believe the growth of the sector will outperform the broader market over the next decade, but it's a sector that I can feel good about investing in.

My eventual goal is to have a basket of four to five green energy stocks. The first stock on that list is **Brookfield Renewable Partners** ([TSX:BEP.UN](#))([NYSE:BEP](#)).

The \$15 billion company offers investors broad exposure to the renewable energy sector. It owns and operates facilities across the globe, generating electricity through hydro, wind, and solar renewable energy sources.

The green energy stock's parent company, **Brookfield Asset Management** (TSX:BAM.A)(NYSE:BAM, has a 60% ownership in the company. The reason why that's a selling point for me is that Brookfield Asset Management is one of the most well-respected asset management companies in the world. Not the mention the stock has been a market-beater for years.

As good as an investment as Brookfield Asset Management has been, Brookfield Renewable Partners has been better. Over the past 10 years, the green energy subsidiary has delivered growth of more than 400% to its shareholders. Its parent company is up 250%. It's worth noting, though, that in the

same time frame, the Canadian market is up just 35%.

You can't forget the dividend too. At today's share price, Brookfield Renewable Partners' annual dividend of \$1.48 per share is equal to an impressive yield of 2.5%.

There's much to like about this renewable energy company, which is why it's one of my top **TSX** stock picks for 2021.

Growth catalysts for the renewable energy sector

The recent change is U.S. president has created a significant tailwind for renewable energy stocks.

It didn't take long for newly elected president Joe Biden, to re-enter the U.S. into the Paris Climate Agreement. The president also has plans of investing \$2 trillion into clean energy, with an aggressive goal of creating a net-zero-emission economy by 2050.

In addition to U.S. politicians, some of the largest publicly traded companies in the country are also making significant commitments to reduce carbon emissions.

Amazon, the third-largest company in the U.S., plans to be carbon neutral by 2040. **Microsoft**, the second-largest company in the U.S., has a goal of removing all the carbon that the company has emitted to the environment dating back to 1975 when the company was founded.

Foolish takeaway

Brookfield Renewable Partners was the first green energy stock added to my portfolio and it certainly won't be the last. The growth of the green energy sector is just getting started. Canadian investors would be wise to hop on board as soon as they can.

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TICKERS GLOBAL

1. NYSE:BEP (Brookfield Renewable Partners L.P.)
2. NYSE:BN (Brookfield Corporation)

3. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
4. TSX:BN (Brookfield)

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