

Consistent and Diversified Renewable Assets Manager with Long-Term Development Projects

Rating: BUY | Price: 47.39 USD

Market Overview

Investors are putting their money in funds guided by ethical considerations in record numbers, according to a new report from Morningstar. In 2019, these funds took in \$20.6 billion in new assets, CNBC reports. This figure is almost four times the 2018 total – \$5.5 billion – which previously held the record and roughly 85 percent of investors are interested in sustainable investing, a 14 percent increase from 2015. BlackRock has even dived into the climate action pledging to increase their sustainability assets to than 1 trillion within the next 10 years. There are now around 300 ESG funds, a plethora compared to the sustainable investment options of just three years ago, but even with 2019’s record setting year influx of cash, ESG funds comprise less than one percent of the \$20.7 trillion held in all U.S. mutual and exchange-traded funds, showing clear room for growth. Additionally, strong acquisitions in high growth solar projects is helping BEP diversify its portfolio even further.

Investment Rationale

Recent news, signals, and patterns offer mixed signals to the direction of BEP. Certain aspects such as the acquisition bid for Terraform, increased dividend yield (which pays out in March) and expanding profit margins shows large potential for growth. On the other hand, BEP plans to continue favoring debt over equity on their balance sheet. Some investors have started taking profits after strong 2019 returns (91%) with a first sell-off last December. The double top pattern and stochastic indicators have shown that BEP has a strong support level around \$45.91. BEP’s net operating cash flows also increased by 4.72% from Q1 2019 and improved earnings per share by 5.5%. But BEP had a negative net income in Q3 2019 of -\$18 million. The asset has stood against some of the technicals that signaled a possible bearish future, healthily rebounding from its support level. With confidence from investors in the asset and bullish guidance from the Terraform deal, we feel this would be a strong long term buy.

Technical Analysis



BEP had broken its bullish trendline and had formed a possible double top pattern which could have resulted in a sell off. As of market close on 1/29/2020, BEP has not broken its support level which is seen at \$45.91 and has actually performed contrary to the patterns. Its stochastic indicator hints at an uptrend and its 200-day SMA has not been breached either. The clean energy index CELS, which BEP is in, is at an all-time high and shares of Terraform jumped with the news of its possible acquisition, showing there is some momentum and optimism surrounding these stocks. Finally, BEP’s 5Y monthly beta is 0.59 and it beat the S&P 500 last year by 58%.

Team

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Company Data

Price	47.39 USD
Date Established	January 20 2020
Investment Opinion	BUY
52-Week Range	28.12 - 48.76 USD
Ticker / Exchange	NYSE
YTD %	90.77%
EPS	0.34
Beta	0.59

Order Details

Buy	47.39 USD
Price Target	48.71 USD
Stop Loss	44.83 USD

Purpose

The ECMG Sustainable Investing Committee aims to provide diverse coverage of equity assets with a strong emphasis on sustainable and market resistant companies. The portfolio is reviewed regularly with the objective of reflecting change in the underlying equity markets in a timely manner, while limiting undue turnover.