Are These the Best Canadian Energy Stocks to Buy for Easy Money?

Description

They may not be the best value, but they beat some of the big names that are getting talked up at the moment. Here, then, are three of the best dividend stocks on the domestic stock market at the moment, chosen for long-term market fundamental investors who like their dividends.

Let's go through the multiples and see whether any of the following energy stocks currently leading the TSX index on dividends are a buy.

Inter Pipeline (TSX:IPL)

Overvalued compared to its future cash flow value, Inter Pipeline is one of your classic go-to energy-related stocks on the TSX index. Its P/E of 16.7 times earnings is so-so, however, meaning it's not quite the good value that you might want at the moment.

An unusable PEG due to a lack of forecast growth means that you'll have to look elsewhere for confirmation of value. A P/B of 2.7 times book gives you just that and is above what you should be paying for the industry, though on the whole it's not the worst P/B ratio on the TSX index.

A contraction of 4.9% expected annual growth in earnings going forward isn't too bad for an energy stock in today's economic climate, and the overall outlook of the stock is bolstered by a dividend yield of 6.91%. This follows on from an okay (but not great) return on equity of 16% last year.

Enbridge Income Funds Holdings (TSX:ENF)

Discounted by more than 50% compared to its future cash flow value, Enbridge Income Funds Holdings looks like a great choice for value investment. Its P/E ratio of 5.3 times earnings is nice and low, too. A lack of expected growth leaves its PEG unreadable, but a P/B ratio of 1.1 times book tells you all you need to know when it comes to valuation by assets.

A 15.3% expected contraction of earnings seems to follow the pattern for energy stocks on the TSX at the moment, though a dividend yield of 6.86% should grab the attention of any investors looking for passive income from a quality stock. Last year's return on equity of 19% isn't too bad, though just below the significant threshold.

Vermilion Energy (TSX:VET)(NYSE:VET)

Currently valued equal to its future cash flow value, only Vermilion's P/B ratio can be read at present in terms of market fundamentals; it currently stands at a disappointing 2.3 times book. Looking at a huge 63.4% expected annual growth in earnings, Vermilion is definitely one for growth investors, though. A nice, big dividend yield of 6.86% is what makes this stock so appealing today.

The bottom line

With Canadian investment headlines being dominated by legal marijuana, new investors may be getting misled about where the real wealth and value from putting money into the TSX index comes from. The trio of stocks above is a good place to start looking if you are just getting started with investing, or if you are looking for passive income that can be fed straight into your TFSA or RRSP whether you're opening a new account or adding to an existing portfolio.

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