



How to Invest in Electric Vehicle Stocks for Long-Term Success

Description

With the first true mass-market electric vehicle (EV) hitting the market from an unlikely (though apt) source, and new deals springing up all over the place, it seems as though the auto world is finally waking up to the reality of the EV market. Here are a few of the stocks that investors need to know about if they want to get in on the boom.

The new car revolution has some unlikely players...

Okay, so an auto stock may not seem a very unlikely destination for EV investing, but if you remember the deal cut earlier this year between **Beijing Electric Vehicle Co.** and **Magna** ([TSX:MG](#))([NYSE:MGA](#)), you'll know that it threw the industry a curve ball that saw the latter company's share price spike appreciably.

If you want to invest in [Magna](#), the main things you need to know today are that it's trading at 33% of its future cash flow value and has great market fundamentals for an auto stock, such as a P/E ratio of 8.5 times earnings, a good-enough PEG at 1.5 times growth, and a not-unreasonable P/B ratio of 1.7 times book.

While lithium and cobalt have been the go-to low-exposure routes to the electric car explosion up until now, the industry is doing everything in its power to get away from these increasingly expensive mining assets. That means that your [window for upside](#) in these metals is going to close sooner than you think and may start nudging investors in unlikely directions.

Direct exposure investment is about to get interesting, with **Porsche's** Taycan, **Jaguar's** electric E-Type Concept Zero, China's start-up **NIO**, and even **Kalashnikov** (yes, *that* Kalashnikov) all seeking to get in on the EV market boom, so there may be less reason to go the low-exposure route.

However, try semiconductors instead of miners for your next-gen low-exposure play if you're still unsure. **Nvidia** ([NASDAQ:NVDA](#)) is an obvious choice for the tech stock lover, though it's not great value at present. It does have good points though — look at its low debt, recent ROE of 49%, micro-dividend of 0.24%, and a 17.1% expected annual growth in earnings.

... and some likely ones

Uber is throwing its hat into the stock investment ring and will likely go public in 2019; until then, you can check out its new multi-million-dollar investors in driverless car technology, **Toyota**.

But talk of EVs would not be complete without a hat-tip to **General Motors** ([NYSE:GM](#)). With a share price almost dead on its future cash flow value, but wonky market fundamentals except for a P/B of 1.4 times book, General Motors is a surprisingly cheap stock today. With a 20.9% expected annual growth in earnings, it's a great pick for growth investors, too.

Aside from decent book value, General Motors is a bit of a mishmash of a stock, what with those other illegible value multiples and a high level of debt at 257% of net worth; with regards to the latter, this stock isn't dissimilar from **Tesla**, whose own debt level is 254.6%. However, a dividend yield of 4.23% makes General Motors the better buy, and the best electric car stock to own, hands down, for passive income.

The bottom line

Consider Magna's 2.36% dividend yield if you want to add a long-term passive-income play to your investment portfolio and want to buy Canadian. This stock is looking solid for the future, with its rather pedestrian (excuse the pun) earnings outlook contrasting with a very dependable Chinese EV market that will see the dollars roll in for years to come. Also consider adding some stable copper stocks for a mining play with more leg room than lithium and cobalt.

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