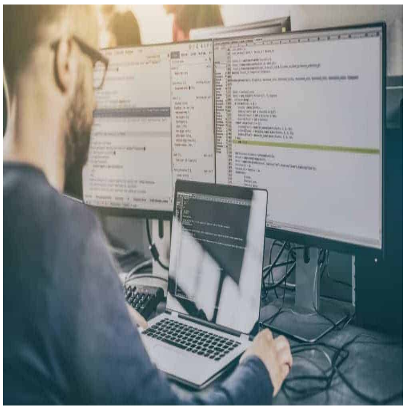

1 Canadian Industry, 3 Stocks: What Kind of Energy Investor Are You?

Description

For newcomers to the TSX index, the distinction between various types of energy stocks may not be immediately apparent. For instance, the differences between renewables, utilities, oil suppliers, pipelines and combinations of these may not seem obvious at first glance. Below we'll take a look at three stocks that represent some of the best ways to invest in the stock market if you're light on energy.

The heavy-hitter

Picking the right team of stocks can be hard. There are so many players who look like they can knock it out of the park in terms of dependability, passive income, low volatility, and growth. If you're not sure what to go for, it may be best to stick to a tried and true ticker such as **Enbridge** (TSX:ENB)(NYSE:ENB).

What this ever-popular stock has going for it is a good mix of valuation (such as a P/B of 1.6 times book – not bad for a TSX mega-stock), a decent dividend yield of 6.18%, and a very pleasing 22.5% expected annual growth in earnings.

The downsides are few, although they are worth scanning over. A five-year average past earnings growth of 31.2% is positive and bodes well for the general trend, although Enbridge's one-year past earnings growth was negative at -39.2%. Its P/E ratio is high at 49.3 times earnings, and it's carrying quite a bit of debt, currently sitting at 88.2% of net worth. Besides this, is one of the most defensive stocks on the TSX index.

The pipeline pick

If you want to go the route of low exposure but still want a core energy sector insider, try one of the pipelines. **Inter Pipeline** (TSX:IPL) has a good mix of dividends, insider confidence, and track record stats to bring it to the top of the pile in this space.

Investors who like to see recent growth should check out Inter Pipeline's one-year past earnings growth of 15.6%. Over the past five years, the average has been even better at 28.2%. It's got a good P/E of 13.6 times earnings, a sizeable dividend yield of 8.14%, and it has seen a steady flow of inside buying over the last 12 months.

Reasons to hold off would include a high debt level of 145.4% of net worth and slightly bloated P/B of 2.2 times book. While the latter certainly isn't the highest P/B ratio on the TSX index, a negative -2.3% in expected earnings may put off those dividend investors who like to see some growth ahead.

The moderate buy

Up 1.74% in the last five days and with a future cash flow discount of 15%, **Keyera** (TSX:KEY) is looking a little mixed on value at the moment. While that share price has been oscillating somewhat over the last few days, a P/E of 17.6 times earnings and P/B of 2.2 times book show valuation at a little over the odds.

However, a forward dividend yield of 6.55% paired with a 9.8% expected annual growth in earnings give reason enough to buy this TSX index gem that's a little off the beaten track in comparison with more obvious energy tickers such as the mighty Enbridge.

The bottom line

If looking to the future is more your style than poring over past performance or balance sheets, look to Keyera's three-year ROE, which is expected to be in the region of 13.7%. While that's not significantly high for a TSX index stock, and therefore doesn't qualify as high-growth, it's a positive outlook for a Canadian energy stock facing an uncertain year ahead.

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TICKERS GLOBAL

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2. TSX:ENB (Enbridge Inc.)
3. TSX:KEY (Keyera Corp.)

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