3 Top TSX Energy Stocks to Fuel a Flagging Portfolio

Description

With uncertainty darkening the financial horizon, it's no wonder that the global economic climate has investor sentiment turning to fear. However, despite some quarters calling for the return of a full-on bear market, shares in sectors across the board are still changing hands.

Indeed, now is probably the best time to buy up those undervalued stocks you've been keeping an eye on and position yourself as defensively as possible. Below are three tried-and-tested Canadian energy stocks that can offer investors a sensible mix of protection and passive income that could allow you to do just that.

Suncor Energy (TSX:SU)(NYSE:SU)

One of the true heavyweights of the TSX index, Suncor Energy stands alongside the Big Six as one of the must-have defensive dividend stocks. A one-year past earnings growth of 37.4% shows that Suncor Energy can perform in adverse conditions and has the capacity to outperform even its own successes, such as a five-year average past earnings growth of 4.6%.

Up 2.7 % in the last five days at the time of writing, Suncor Energy is a healthy stock that carries an acceptable level of debt at 36.4% of net worth. It's competitively valued, too, with a P/E of 14.4 times earnings and P/B of 1.5 times book making it market weight. More shares in Suncor Energy have been bought than sold by insiders over the last three months, and it pays an attractive dividend yield of 3.31%.

Parkland Fuel (TSX:PKI)

A TSX index energy gem, Parkland Fuel is up 2.76% in the last five days and riding on a wave of glory, following a one-year past earnings growth of 395.3%. While its five-year average past earnings growth of 10.8% may seem somewhat pedestrian, it beats Suncor Energy's five-year average and looks set to continue the trend with a 35.5% expected annual growth in earnings.

Can the risk-averse investor look past a balance sheet besmirched by debt of 126.5% of net worth? Though more shares were shifted through inside buying than selling in the last three months, the value-focused buyer might look askance at a P/E of 27.8 times earnings and P/B of 2.9 times book. However, with a dividend yield of 3.13%, Parkland Fuel offers a suitable combination of defence and passive income.

Enerflex (TSX:EFX)

One of the best energy stocks listed on the TSX index, Enerflex may not have been as popular this week with investors as the previous two tickers, up 0.41% in the last five days, but it's got it where it counts when it comes to a recent track record — see a one-year past earnings growth of 281%. Overall, it's been down-at-heel, however, with a five-year average of -6.7%.

With lower debt than Suncor Energy at 35.5% of net worth, Enerflex wows with its attractive fundamentals, such as a P/E ratio of 15.9 times earnings and P/B of 1.3 times book. It's a good-looking stock for passive-income investors, too, with a dividend yield of 2.45% matched with a 16% expected annual growth in earnings.

The bottom line

With a five-year beta 1.43 relative to the market indicating above average volatility and a -2.2% expected drop in earnings, Suncor Energy may indeed be one of the biggest names on TSX index, but without necessarily being one of the most clear-cut buys. The other two stocks here might be better buys if you're looking for defensive energy stocks with attractive valuation.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
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TICKERS GLOBAL

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2. TSX:EFX (Enerflex Ltd.)
3. TSX:PKI (Parkland Fuel Corporation)
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