Forget Big Oil Stocks: 1 Aggressive Strategy for Young Investors

Description

Move over Big Oil (and, indeed, "Small Oil"), because an upcoming generation of investors may soon be favouring renewables such as the stocks below. With specialist healthcare and high-growth tech thrown into the mix, let's take a look at a "community-minded" investment strategy that ties progressiveness to performance.

Swap out Big Oil for renewables

For a renewable energy stock with some geographical diversification, **Boralex** (TSX:BLX) makes a strong play. While its track record leaves something to be desired in terms of earnings growth, and its balance sheet is not for the fainthearted (see a level of debt compared to net worth that's jumped from 240.2% five years ago to the current 382.1%), there is much to recommend this TSX index green energy ticker.

A P/B of 1.9 times book shows acceptable value in terms of real-world assets, while a dividend yield of 3.48% makes this stock suitable for a long-range investment, such as a TFSA or RRSP. Perhaps the main draw, though, would be a significantly high 107.5% expected annual growth in earnings.

An alternative might be **Algonquin Power & Utilities** (TSX:AQN)(NYSE:AQN), which outperformed the Canadian integrated utilities sector with one-year returns of 25%. Its track record could be better, with a negative one-year past earnings-growth rate only marginally rescued by a five-year average of 9.9%, and its past-year ROE of just 2% doesn't scream quality. However, a dividend yield of 4.47% matched with a 24.2% expected annual growth in earnings makes for a long-term winner.

Balance energy stocks with niche healthcare and high-flying tech

Focus on stocks such as **Theratechnologies** (TSX:TH), which has a focus on medical treatments for HIV patients. This specialist pharma stock brought in year-on-year returns of almost 300%, so if it's a high-flying healthcare stock on the TSX index you're after, you may have just found it.

While a one-year past earnings growth of 74.8% ameliorates a slightly negative five-year average past earnings-growth rate, a debt level of 145.3% of net worth is a more serious problem, though would-be investors will also have to weigh a 46.3% projected three-year return on equity and 40.7% expected annual growth in earnings against a high P/B of 13.4 times book.

Alternatively, while you're stacking shares in green energy, why not throw in a high-growth stock from the tech sector, such as **Questor Technology** (TSX:QST)? With 63% year-on-year returns that smashed the competition, Questor Technology has an outstanding track record, is debt-free, and has significantly high growth potential.

A one-year past earnings growth of 85.4% and five-year average growth of 22.6% characterize a solid track record, while a past-year ROE of 27% makes Questor Technology stand out in terms of quality. It could fare better on market ratios, though a P/E of 18.1 times earnings and P/B of 4.9 times book aren't bad for a tech stock.

The bottom line

Algonquin Power & Utilities is a little overvalued at present with its P/E of 74.6 times earnings, though a P/B of 1.9 times book may sneak this TSX index star stock past a value investor's radar. Questor Technology's 31.6% expected annual growth in earnings should satisfy the growth investor looking to supplement a green energy portfolio.

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2. TSX:AQN (Algonquin Power & Utilities Corp.)
3. TSX:BLX (Boralex Inc.)
4. TSX:TH (Theratechnologies Inc.)
5. TSXV:QST (Questor Technology Inc.)

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