



Forget Tesla: 2 Canadian EV Stocks to Power Your Portfolio

Description

Tesla ([NASDAQ:TSLA](#)) is the EV stock to invest in these days. Despite the rise of competitors in the white-hot electric vehicle space, Tesla stock has continued to hold its own, with the likes of ARK Capital's Cathie Wood continuing to accumulate shares on meaningful dips. There's no question that Tesla and Elon Musk have an incredible following. Many investors are betting on Musk's dreams of an electric future. While the visionary gentleman may be worth paying a premium for, how much of a premium remains [the million-dollar question](#).

The ultimate EV stock, at least for now

Tesla stock has a high bar set in front of it by analysts and growth investors. Still, many Musk fanatics are likely to stand by their shares, regardless of their trajectory. And that makes Tesla shares one of the most dangerous shorts on the planet. The shorts have felt the squeeze on numerous occasions. The same can be expected from the EV stock that continues to defy the laws of gravity.

While the bulls, like Cathie Wood, are more than willing to stand by their Tesla shares on the recent bond-yield-induced weakness in growth stocks, I think the average Canadian investor hungry for EV exposure should look beyond Tesla. On this side of the border, there are plenty of options, including **Ballard Power Systems** ([TSX:BLDP](#))([NASDAQ:BLDP](#)) and **Magna International** ([TSX:MG](#))([NYSE:MGA](#)). The following EV plays, like Tesla stock, may be too hot to handle, so make sure you only invest what you're willing to lose at this market crossroads.

Ballard Power Systems

Ballard is a fuel cell designer and developer that's been under considerable pressure amid the growth-driven sell-off. Ballard stock collapsed around 50% from peak to trough before bouncing back modestly to \$26 and change, down a total of 35% from its February 2021 all-time high.

In [prior pieces](#), I praised Ballard for its innovative fuel cell technology, noting that the stock was likely to play a massive role in powering the EVs of the future. That said, I was never a fan of the valuation,

urging investors to wait for a pullback to \$20 before considering initiating a position. Coincidentally, Ballard shares bottomed at just north of \$20 and change, richly rewarding those who chose to jump in at the key support level.

Now that rising bond yields are pressuring the growthiest of stocks, I'd be more inclined to wait for another pullback, which will likely be in the cards if the 10-year U.S. note yield breaks the 2% mark. For now, I'd sell the top Canadian fuel cell play, as it's a name that's most at risk in the next tech-driven plunge, which, I believe, could still have room to fall.

Magna

Canadian auto-parts maker Magna is exactly where you want to be on the cusp of a discretionary spending boom. The company, which develops essential components for modern automobiles, is not only a way to play the booming cyclical upswing in the autos, but it may also be a top contender to win the privilege of assisting in the [development of the Apple Car](#).

We can only speculate on whether Magna will be chosen as Apple's EV partner. Given Magna's unique advantages and decreased odds of a "brand clash" with Apple, I'd say Magna is the perfect dance partner and is a stealth EV stock for hungry investors who don't want to have to pay-up an arm and a leg to get a front-row seat to the future of mobility with an EV stock like Tesla.

Even if Magna doesn't ink a deal with Apple, MG stock remains absurdly cheap at just 0.8x sales. With the "roaring 2020s" up ahead, I expect Magna's sales multiple will only compress further.

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2. NASDAQ:TSLA (Tesla Inc.)
3. NYSE:MGA (Magna International Inc.)
4. TSX:BLDP (Ballard Power Systems Inc.)
5. TSX:MG (Magna International Inc.)

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