



Like Apple Stock? 1 Top Canadian EV Play for April 2021

Description

The EV investing trend kicked into high gear late last year when **Apple Inc.** ([NASDAQ:AAPL](#)) announced its entry into this sector. Although the rumors have since died down, there is still speculation that an [Apple car](#) could be on the way as early as 2025.

Similar to its smartphone business, Apple prefers staying away from investing in its own factories and infrastructure. This model has successfully helped them increase their profit margins, and one can assume that the firm will follow its footsteps in the EV space as well.

Magna International ([TSX:MG](#))([NYSE:MGA](#)), being a key player in the production of automobiles, seems like a good fit. Here's my take on why Magna should be the way to gamble on Apple's innovative approach to the EV sector.

The fabled Apple Car and Magna's involvement

Apple analyst Ming-Chi Kuo speculated that the company was indeed working on an electric vehicle that could hit the roads as early as 2025. Many view this development as inevitable, given Tesla's focus on growth sectors. The fact that the company could come in and change the game in the EV space, as it has in so many other consumer sectors (phones, music, computers, etc.) is certainly not farfetched.

However, as mentioned earlier, Apple tends to stay away from manufacturing its own products. Instead, it utilizes third-party manufacturing for back-end production and enjoys profits on design, marketing, and supply chain. Avoiding low-margin businesses has seemed to work for Apple. This company is a cash flow-producing machine for a reason.

So far, talks with other auto manufacturers did not fare well. This makes sense. After all, many auto manufacturers will obviously be reluctant to shift their existing production line for a new low-margin product.

As a key player in global automobile manufacturing, Magna is well positioned to partner with Apple on

this project potentially. The team is apparently keen to see this product through, even setting up a plant in North America if the situation calls for it.

I think this partnership if it happens, will massively benefit both parties.

Apple or not, Magna is still hot

Magna is already one of the largest contract manufacturers in the world. It is also one of the most recognized automobile part suppliers, producing cars for around 58 globally-renowned brands like Toyota, BMW, Land Rover, Volkswagen, and Jaguar.

In its tenure, the company has managed to partner with some of the most prominent names to develop self-driving and electric drivetrain technologies, massively crucial for EV space. This makes this firm a low-risk gamble on the future of the automobile sector in general.

The Apple deal is still incredibly speculative in nature. However, I think investors should still consider a bet on Magna after evaluating its long-term growth prospects backed by the strength of its core business.

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3. TSX:MG (Magna International Inc.)

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Date

2025/08/25

Date Created

2021/03/25

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