



1 Renewable and 1 Energy Stock for a Balanced Portfolio

Description

The performance of the S&P/TSX Capped Energy Index has been quite impressive in the last 12 months. Given how thoroughly the sector got beat in 2020, it's impressive to see the growth it managed in 2021 (and the end of 2020). And right now, it's still rising at a sharp angle.

The index is up almost 110% from its November 2020 low. It peaked in June, but it's again on its way up, and if you want to capture the potential upside, there is one energy stock that you might consider adding to your portfolio.

However, you may want to keep the ESG profile of your portfolio in mind. Adding too much "carbon footprint" to your investment portfolio might force it to lean in the wrong direction. But you can easily balance it out by adding a decent renewable stock as well.

The energy stock

One of the most undervalued [energy stocks](#) you can add to your portfolio right now is **Baytex Energy** ([TSX:BTE](#))(NYSE:BTE). It's currently trading at a price-to-earnings of 1.5 and a price-to-book of 1.1 times. And this valuation is even more impressive if you consider the recent growth spurt of the company. The stock has risen almost 620% in the last 12 months, far outpacing the sector at large.

This is more than just the recovery momentum and sentiment prevalent through the energy sector. Baytex was aggressively beaten down even before the pandemic and has been on a decline since about 2011 when the company used to trade above \$55 per share. And it's not that the company is doomed from an environmental perspective. It develops both crude oil and natural gas, and it's working diligently to improve its ESG profile.

The renewable stock

Northland Power ([TSX:NPI](#)) is dedicated to developing and operating [clean energy](#) infrastructure and has a comprehensive and geographically diverse footprint. It has assets in Asia, Europe, Latin

America, North and South America. Thanks to its presence, the company is well-positioned to empower the world as it moves towards a greener future.

The wind is the company's primary focus (both offshore and onshore). But its portfolio is much more comprehensive than that. The company is also working toward improving its solar power production, clean natural gas, and battery/storage solutions. It's set to grow its production capacity to about four or five GW by 2030.

The stock is currently a bit overpriced but about 18% discounted from its recent 2021 peak. It also offers a modest 2.8% yield.

Foolish takeaway

It's important to note that if you care about the environment and want your portfolio to reflect it, adding green/renewable stocks isn't the only way. There are plenty of growth and [dividend stocks](#) from all sectors, including energy, that are investing heavily in becoming more environmentally friendly. Adding them to your portfolio will be just as useful for strengthening its ESG profile.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. TSX:BTE (Baytex Energy Corp.)
2. TSX:NPI (Northland Power Inc.)

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Author

adamothonman

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