



3 Top ETFs That Offer Exposure to the Hot Oil and Gas Sector

Description

The **S&P/TSX Composite Index** was down marginally in early afternoon trading on October 21. Canada's energy sector suffered the second-largest decline on the day, in front of only base metals. Oil and gas prices have been on a tear since the beginning of the fall. Tightening supply and improved demand have underpinned these markets. Today, I want to look at three [exchange-traded funds \(ETFs\)](#) that offer exposure to this scorching sector. Let's dive in.

Seek exposure to surging oil with this ETF

WTI crude [rose above](#) the US\$80/barrel mark for the first time since 2014. Meanwhile, the spot price of Western Canadian Selection (WCS) had more than doubled in the year-over-year period. Some analysts are calling for oil to continue to gather momentum in the weeks and months ahead.

Investors looking for pure exposure to oil should look to the **Horizons Crude Oil ETF** ([TSX:HUC](#)). This ETF seeks investment results that correspond to the performance of the Solactive Light Sweet Crude Oil Winter MD Rolling Futures Index ER. This ETF has climbed 64% in 2021 at the time of this writing. Its shares are up 82% from the prior year.

This ETF has offered something of a roller-coaster ride in recent years. Investors should be eager to get in on the climb in this strong market.

Here's an ETF that allows you to own oil and gas properties

Rising inflation has led to a significant uptick in gas prices as well. Investors who are hungry for exposure to both oil and gas sectors should look to the **BMO S&P/TSX Equal Weight Oil and Gas ETF** ([TSX:ZEO](#)). Shares of this ETF have increased 57% in the year-to-date period. Meanwhile, the ETF is up 93% compared to this same time in 2020.

This ETF aims to replicate the performance of the Solactive Equal Weight Canada Oil & Gas Index. Moreover, the ETF made its debut in October 2009. It is considered a high-risk fund, and the evidence

bears that out. However, those who'd bought at the bottom of the March 2020 pullback will have been richly rewarded. Some of the [top holdings](#) in this ETF include **Cenovus Energy**, **Imperial Oil**, **Canadian Natural Resources**, and **Suncor Energy**.

One more broad energy-focused ETF to snag today

Horizons S&P/TSX Capped Energy Index ETF ([TSX:HXE](#)) is the third ETF I'd look to snatch up in this bullish environment for oil and gas. This ETF was launched in September 2013. It seeks to replicate the performance of the S&P/TSX Capped Energy Index. The ETF has climbed 70% in 2021 at the time of this writing. Its shares are up nearly 140% from the prior year.

Like its peers in this space, this ETF has suffered from volatility in previous years. It works better as an opportunity investment rather than a long-term hold in your portfolio. Some of the top holdings in this ETF include some familiar names. Suncor, Canadian Natural Resources, Cenovus Energy, and **Tourmaline Oil** round out the top four stocks in the fund.

CATEGORY

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