3 Funds to Buy as Oil Prices Climb

Description

Oil prices continue to climb in many areas of Canada over the $2 mark in the last month or so — all while inflation has us grasping whatever cash we have on hand. So, you wouldn't be blamed for not thinking about investing.

But the oil stock and gas industry does indeed offer more than taking your cash. In fact, it can put some in your pocket. Even as shares continue to climb, many of these companies trade at low valuations. And funds? Even less.

Today, let's look at three funds that could help Motley Fool investors get in on some of the crude oil stock action on the **TSX** today.

In for some risk

If you're an investor who is alright taking on a bit of risk, then you may want to consider **Horizons BetaPro Crude Oil Leveraged Daily Bull ETF** (TSX:HOU). This exchange-traded fund (ETF) aims to make up to *twice* the daily performance of the corresponding **Horizons Crude Oil Rolling Futures Index**.

It aims to replicate double the performance, but that could also mean double the losses should oil stock futures go down. But in this bullish environment, it could bring in substantial returns with higher prices of oil. But in the long term, I wouldn't look to hold this stock for too long.

Shares of HOU are up 138% year to date.

Get a basket of energy stocks

If you're looking to get performance similar to the boost coming from energy stocks, you may want to consider **BlackRock iShares S&P/TSX Capped Energy Index ETF** (TSX:XEG). This ETF focuses on the performance of the TSX Energy Index, looking at the stocks from the energy industry.

Now, there's good and bad news for this fund. On the plus side, you get exposure to some of the biggest and booming energy stocks in the oil industry. It's also a solid long-term exposure to an oil stock with such a wide range of investments. The downside is that the ETF mainly invests in the larger Canadian energy stocks, so there's a lack of diversity there.

Shares of XEG are up 64% year to date.

More diversity

If the lack of diversity turns you off to XEG, then you may want to consider **BMO Equal Weight Oil & Gas Index ETF** (TSX:ZEO). This fund focuses on replicating the TSX Energy Index as well but doesn't focus in on the larger institutions. In fact, it focuses on the industry as a whole.

There's more to oil stock and gas companies than just producers. There are drillers, infrastructure companies, explorers, and it's all invested in by ZEO. This provides long-term income and therefore allows the ability to support a dividend of 3.47% as of writing.

Shares of ZEO are currently up 51% as of writing year to date.

Bottom line

Don't let the gas station just take cash from you. Get in on the action, and you could see your portfolio rise even higher over the next few years, as oil stock prices climb higher.

CATEGORY

1. Energy Stocks
2. Investing

TICKERS GLOBAL

1. TSX:HOU (BetaPro Crude Oil 2x Daily Bull ETF)
2. TSX:XEG (iShares S&P/TSX Capped Energy Index ETF)
3. TSX:ZEO (BMO Equal Weight Oil & Gas Index ETF)

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