



This Global Energy ETF Could Be Ready to Take Off

Description

Heading into 2022, energy stocks and ETFs were actually popular bets. Indeed, this sector has been among the best-performing groups this year. Due to a number of macro drivers that may have been unanticipated, energy ETFs have become somehow popular among investors. Go figure.

One energy ETF I've had my eye on for some time is **iShares Global Energy ETF** (TSX:IXC). That's because this is an ETF providing investors with an impressive [yield of 3%](#). But it's also because I think this bull market in energy may not be over.

Let's dive into why investors may want to consider this ETF right now.

Decent exposure and a juicy dividend for this energy ETF

iShares Global Energy ETF offers diversified exposure to an array of large-cap energy organizations globally. Approximately 59% of the fund's holdings are domesticated in the United States, and the rest are in international markets, including Canada.

Energy prices are seeing support from diminished supplies, a drawdown in inventories and improving global demand. Generally, large-cap global energy firms boast considerable free cash flow and solid balance sheets. Also, they have become more disciplined with capital management processes. Accordingly, it is worth noting that valuations in the energy segment continue to seem lucrative in comparison to other sectors, despite a rather incredible run-up in valuations of late.

In fact, share prices in this sector have not kept up with increasing oil prices and earnings predictions. Despite rising rates, this is one sector of the economy that could outperform. Accordingly, with a dividend yield of more than 3% at the time of writing, this is a potentially lucrative ETF I'm considering right now.

A more diversified way to play trends in global energy

With a portfolio of dozens of globally focused energy-related companies, the IXC stock is a more diversified way to play the uptrend we're seeing in energy demand.

This fund's largest holdings are what many call the "big oil" giants. Despite being out of favour due to ESG concerns in recent years, many of these giants have cleaned up their act. Via investments in carbon-capture technology, and efforts to invest in clean energy, these oil giants aren't the monsters investors generally thought of years ago.

Rather, many oil companies are focused on being the transition toward a greener future. With a geographically diversified footprint, many of the core holdings of this ETF provide global exposure to this trend. Indeed, this is one of the few trends I see as being truly global in nature, making this ETF perhaps the best way to play this secular growth catalyst.

Bottom line

ETFs are great for passive and active investors alike. For those looking for global energy exposure, this is one ETF I think is worthy of keeping on the radar right now.

CATEGORY

1. Investing

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. chrismacdonald
2. kduncombe

Category

1. Investing

Date

2025/07/23

Date Created

2022/06/23

Author

chrismacdonald

default watermark