



Top Canadian Electric Car Stocks of 2023

Description

Electric vehicle (EV) stocks are companies that manufacture and design electric-powered vehicles (such as cars, trucks, vans, and school buses), as well as the parts that make them run (like charging stations and batteries). These stocks can be an opportune way to break into the new market of green energy, though because of their novelty, they do have risks investors should take note of.

What are some of the top Canadian EV stocks, and is now the right time to start investing in them? Below we'll break down electric vehicle stocks and help you decide.

What are electric vehicle stocks?

EV stocks are automobile or parts companies whose primary purpose is to manufacture electric vehicles. Under this definition, major auto manufacturers whose primary products are gas-powered vehicles are not considered EV companies, even if they have a line of electric cars (or plans to transition to electric).

Top Canadian electric vehicle stocks

Though not as big as the United States or China, Canada's EV auto market has undergone significant growth, supported by both governmental initiatives and the country's net-zero emission commitments.

For those looking to buy EV stocks in Canada, here are three to consider.

Electric Vehicle Stocks	Description
Magna International (TSX:MG)	Automobile parts manufacturer that specializes in electric components for EVs

Lion Electric ([TSX:LEV](#))

Manufacturer of EV commercial trucks, school buses, and mass transit segments

NFI Group ([TSX:NFI](#))

Large producer of Zero-Emission Buses (ZEBs)

Magna International

Headquartered outside Ontario, Magna International is Canada's largest automobile manufacturer, not to mention the largest automotive parts manufacturer in North America (and the third largest in the world).

With over 60 years of parts manufacturing, Magna International has partnerships with some of the biggest EV manufacturers. Its principal products include electric drivetrain and electric axle drive systems, both of which are designed for lightweight and heavy-duty commercial vehicles. The company also manufactures its own line of gas-powered vehicles, which help it sustain near-term growth.

Much like other automotive manufacturers, the recent [semiconductor](#) shortage has stymied Magna International's production output. That said, the company provides essential components for EV vehicles, and its short-term volatility will likely even out over time.

Lion Electric

Lion Electric is currently the largest manufacturer of zero-emission urban vehicles, which include school buses (both full-sized and mini), public transit buses, semi-trucks, garbage trucks, and bucket trucks.

With high ambitions to become North America's leader in transportation electrification, this Montreal-based company has three major EVs: the LionM (a low-floor minibus), LionA (Type A school bus), and Lion8 (fully electric truck). Additionally, Lion Electric also manufactures all components for its vehicles, including battery packs, powertrains, and chasses.

Lion Electric has immense potential, but investors should note the company is only getting started. Right now, it has around 550 vehicles on the road, and its production rate is still fairly low (71 vehicles in the first quarter of 2021). The company is, however, building more production facilities, and plans to ramp up vehicle output to meet client demands.

NFI Group

NFI Group is a major producer of battery-electric and fuel cell-electric buses. With headquarters in Winnipeg, NFI Group has sold buses to 80 cities in 6 countries, which have already completed over 65 million electric miles.

NFI Group has been a major player in the EV revolution since the very beginning. Since 2009, they've been designing and manufacturing Zero-Emission Buses (ZEBs), which are powered by batteries. Because of their experience in the business, NFI has one of the strongest capacities for production in

the industry, with 50 different facilities in 9 countries employing around 8,000 people.

Investing in foreign electric vehicle markets

Right now, EV stocks with the largest market capitalizations can be found trading on foreign exchanges, primarily in the United States and China. Here are just a few [international stocks](#) you might want to consider.

Electric Vehicle Stocks	Description
Tesla (NASDAQ:TSLA)	Largest manufacturer of EVs in the world
Lucid Motors (NASDAQ:LCID)	American EV manufacturer best-known for supplying batteries for Formula E race cars
NIO (NYSE:NIO)	Large manufacturer of electric SUVs

Are electric vehicle stocks risky?

Electric vehicle stocks are still very new, and many EV companies are [small caps](#) in the initial stages of growth. Because of their novelty, EV stocks will likely experience immense short-term volatility, enough to make risk averse investors squeamish.

While some companies have emerged as clear industry leaders (like [Tesla](#) in the U.S. and NIO in China), plenty of others have noble plans but neither the cash flow nor the production output to back them up. That makes EV stocks a little riskier than others (such as [blue chips](#) and [large caps](#)), as most are still [growth stocks](#).

Are electric vehicle stocks right for you?

If you're looking for long-term growth potential, and you can ride out short-term volatility and remain focused on your investing goals, then EV stocks might be right for you.

In fact, now might be a great time to invest in the EV market. Rising gas prices, increased concern over environmental damage caused by fossil fuels, and new governmental initiatives and programs to combat climate change have all put pressure on EV companies to manufacture better and more efficient vehicles. As long as a company has the means to produce EVs at a sustainable rate, they'll likely draw large nets of new customers in the coming years.

As things stand, however, the global EV market accounts for fewer than 9% of all vehicle sales. While many expect that number to increase to 50% by 2030, there are simply too many companies stuck in the beginning stages of production to predict future sales with any certainty.

On the one hand, the uncertainty may present savvy investors with a rare opportunity to get in now before the EV revolution hits its full stride. On the other hand, it means the next few years will likely be filled with short-term price volatility and industry setbacks.

What is certain is EV production is rising. With demand for EVs continuing to increase, it's likely that EV sales will surpass gas-powered cars by 2035, if not sooner. Investors who can identify companies that will be around in 15 years could see some handsome returns over that period, especially if they buy now while prices are relatively low.

TICKERS GLOBAL

1. NASDAQ:TSLA (Tesla Inc.)
2. NYSE:NIO (Nio Inc.)
3. TSX:LEV (Lion Electric)
4. TSX:MG (Magna International Inc.)
5. TSX:NFI (NFI Group)

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