# 2 Canadian ETFs to Hold and Grow Your U.S. Dollars While You Wait for Opportunities

## Description

I've slowly been selling some of my U.S. positions. This is especially true for the growth stocks that do not pay a dividend. Some of these stocks have gone up significantly. Due to the higher-risk investing environment in which we find ourselves in today, it appears that it is time to lock in at least a portion of the profits. The question becomes, though, what should an investor do with the U.S. cash that is left sitting from those sales while waiting for another opportunity to arise?

There are a couple of options to consider. You could exchange the money back to Canadian dollars or you could find a way to make use of your cash. You could also exchange it for Canadian currency. With the current exchange rate somewhat depressed, now might be a good time to do so. The problem with exchanging cash, however, is that there is going to be a fee charged with the exchange. And if there are U.S. stocks you want to buy in the future, you will have to exchange the money back, causing you to be charged once again.



The other option is to simply leave the cash in your trading account. Some brokers will provide you with a small amount of interest on your holdings, but these are the exception rather than the rule. In most cases, your cash will just sit there not doing anything until you find something to buy. The problem is that if you're like me, you just hate having that cash sitting there unused, tempting you to put the money into a stock that ultimately proves unproductive, which is usually a mistake.

Fortunately, there are now a number of Canadian ETF options for parking your U.S. cash. And the best part is, these can be purchased from on the Canadian stock exchange, making the tax implications a little less daunting than if you were to buy an ETF alternative on a U.S. exchange. **Bank of Montreal** ( TSX:BMO)(NYSE:BMO) offers a few options worth looking into. These ETFs pay each pay a decent distribution, are relatively safe compared to growth stocks, and might be a good place to park your U.S. dollars until you are ready to use it.

The **BMO Mid-Term US Medium-Term Corporate Bond Index ETF** (U.S. Dollar Units) (TSX:ZIC.U) is made up of investment grade U.S. corporate bonds. The current distribution is listed at 3.48% and is paid out on a monthly basis. Of the ETF options mentioned here, this will be the more stable. Its bonds are highly diversified across all sectors. Consumer non-cyclical bonds make up the largest portion at 23.25% of the ETF's holdings. The lowest rated bonds in the index are BBB rates, so this ETF should be quite stable.

Another option if you want to squeeze some more yield out of your US dollars is the **BMO US Preferred Share Index ETF** (U.S. Dollar Units) (TSX:ZUP.U). This ETF pays a dividend of over 5% and includes a number of preferred shares from several U.S.-listed companies. Most of the preferred shares in the index come from companies with a BBB to BB credit ratings and that operate in the financial services industries.

The higher yields from both of these ETFs are a product of the increased risk, though, as there is the possibility of capital loss as rates go higher. But these ETFs, one being made up of bonds and the other of preferred shares, should be more stable than straight stocks.

But if you want an USD-paying option that is listed on the TSX with a higher yield than a straight savings ETF, such as the **Purpose USD Cash ETF** (TSX:PSU.U), which only pays 1.88% on USD, then these two ETFs may be appropriate for you. But be aware that you are exposing yourself to some risk to get a slightly higher yield from your U.S. cash.

**CATEGORY**

1. Dividend Stocks
2. Investing
3. Stocks for Beginners

**TICKERS GLOBAL**

1. NYSE:BMO (Bank of Montreal)
2. TSX:BMO (Bank Of Montreal)
3. TSX:ZIC (BMO Mid-Term US IG Corporate Bond Index ETF)
4. TSX:ZUP (BMO US Preferred Share Index ETF)



**PARTNER-FEEDS**

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

**Category**

1. Dividend Stocks
2. Investing
3. Stocks for Beginners

**Date**
2025/07/20
**Date Created**
2018/09/16
**Author**
krisknutson