

3 ETFs Every Investor Needs to Consider

Description

The rise of Exchange-Traded Funds (ETFs) has changed the way many passive investors invest; lower fees plus high levels of diversification should equal higher returns over time, all things being equal.

Amid a relative lack of ETF coverage out there, I've picked three great ETFs for the Foolish investor to consider today:

Keep it simple, silly

Perhaps the most widely traded Canadian ETF out there has to be the **Horizons S&P/TSX 60 ETF** ([TSX:HXT](#)), and for good reason. This ETF is a compilation of the top 60 blue chip Canadian stocks out there

Keeping it simple with portfolio construction is important, as is keeping fees low – something ETFs are extremely beneficial at. This ETF currently has an MER of 0.03%, which is rock bottom when considering the diversification this ETF provides (I don't know of any ETF that is cheaper for Canadian investors).

Don't like volatility? Try this ETF

Heightened volatility in recent weeks has led many investors to reconsider investing in some of those high-risk/high-reward plays, which have really paid off in recent years. Moving some of those risk assets into an ETF like the **Invesco Low Vol. ETF** (TSX:PLV) is an excellent way to play the markets in a more defensive manner and benefit from companies that have traditionally lower levels of volatility than their counterparts.

This ETF holds 30% bonds in addition to its majority equity position, adding additional stability and income for investors and providing many investors with the 70/30 split they may be looking for in terms of stocks vs. bonds.

Go global with this ETF option

Despite near-term concerns that global growth may be slowing, from a diversification standpoint, many Canadian investors are often too tethered to North American markets relative to global options and are therefore over-exposed to risks unique to the North American market.

The **Vanguard Global Value ETF** ([TSX:VVL](#)) is one of the most well-diversified ETF options available for Canadian investors, providing access to a wide range of countries and companies around the world. For diversification's sake, considering such an ETF is never a bad idea. This ETF is also actively managed by Vanguard, reducing some of the idiosyncratic risks many investors may be concerned with in overseas markets.

Bottom line

Having a few highly liquid and low cost ETF options handy is a good way of optimizing long-term returns for investors. After all, the Oracle of Omaha, Warren Buffett, has pointed to the long-term value that ETFs can create relative to other mutual funds or expensive ETF-derivatives out there.

Shaving a few percentage points off the fees one pays to have their retirement money invested can be very profitable in the long run due to compounding interest, and these ETFs are certainly a great place to start for all Foolish investors.

Stay Foolish, my friends.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:HXT (Horizons S&p/tsx 60 Index ETF)

PARTNER-FEEDS

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

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