



## I Just Loaded Up on This 1 Wonderful Investment for My TFSA

### Description

When it comes to your TFSA, check your speculation hat at the door, and put your smart value or growth investor hat on. Many investors are either taking on too much risk with their TFSAs by betting on penny stocks, marijuana, and Bitcoin, or they're too wary of taking risk by opting to overweight a majority of their TFSA proceeds in risk-free securities like GICs, bond funds, and cash equivalents.

Neither of these approaches are ideal for investors who seek to build substantial retirement wealth that's free from the tax man. On the one hand, a dollar in a TFSA is worth more than in most other accounts, but on the other hand, you want to maximize your capital gains (and dividends), as the tax man won't be able to touch a penny of your profits.

While the best investment strategy depends on your unique suitability, I believe there's a one-size-fits-all investment that suits the needs of a majority of investors, young and old.

I personally have a massive chunk of my TFSA dedicated to the one investment, and to break the big build-up, this investment is an ETF called the **BMO Low Volatility Canadian Equity ETF (TSX:ZLB)**, a "smart-beta" basket of wonderful businesses that possess low betas, minimizing your portfolio's correlation to moves made in the broader stock market.

So, what exactly is the ETF, and why is it better than passively managed index funds?

The constituents are hand-picked by the brilliant minds working at BMO's wealth management division, and although their expertise is worth paying up for, the ETF charges a modest MER of just 0.4% — a real bargain considering the strategy and the type of portfolio management you're getting.

While I'm normally not a huge fan of investing in ETFs, I couldn't help but load up on ZLB after taking a look at the constituents under the hood. You see, not only is the lower volatility desirable for most investors who lack the stomach for roller-coaster rides, but the ETF is capable of [crushing the markets](#). Low beta is one thing, but it's no guarantee you'll get a higher chance of obtaining excess risk-adjusted returns.

The ["smart"](#) in smart beta arises from the wide array of other attributes that the ETF's managers look

for when considering what to add into the basket. Profitability, predictable long-term growth, and the like are the kinds of investments that you're going to get, and when the market waters get choppy, ZLB is an investment that'll keep you from hurling.

I'd encourage investors to look at ZLB's constituents themselves. With the ETF, you're getting instant exposure to very high-quality, high-distribution-paying REITs, stable telecoms, essential utilities, and even a couple monopolies. These all-Canadian hand-picked winners are not only a great way to play defence, but they're a great way to beat the markets, especially when times get choppy.

Stay hungry. Stay Foolish.

## CATEGORY

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

## TICKERS GLOBAL

1. TSX:ZLB (Bmo Low Volatility Canadian Equity ETF)

## PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
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