



Lazy Investors: Diversify With BMO Balanced ETF (TSX:ZBAL)

Description

Seasoned investors are building a diversified portfolio in order to reduce risk. This concept is often recommended by investment analysts that essentially suggest to not put your eggs in one basket. However, there are lazy investors who find it burdensome to monitor their stock investments individually.

Fortunately, the exchange-traded fund, or *ETF* came to being. This is the type of investment that's tailor-made for lazy investors. At the same time, it's a form of diversification. It's like hitting two birds with one stone.

An ETF is a basket of securities that trade on the **TSX** just like the common stocks. ETFs are also traded daily and therefore the share prices fluctuate during trading sessions. The basket has multiple underlying assets in it. As there are multiple assets, not just one stock, it allows for diversification.

ETF and risk appetites

Bank of Montreal ([TSX:BMO](#))([NYSE:BMO](#)) Financial Group offers various ETFs that aligns with investors' risk appetites. The ETFs were created primarily to provide investors with a simple, all-in-one solution. You don't have to take painstaking efforts to select the assets, equities, and others individually.

The beauty of the BMO ETFs is that you, as an investor, can pick the specific ETF depending on your asset allocation preference and appetite for risk. For example, if you're after a low-risk investment and inclined to preserve capital, you can invest in an ETF that has almost 100% fixed income assets only.

The assets are usually bonds and certificates of deposits (CDs). There are practically no stocks or at best, only 5% of the assets in the basket are stocks. As safety is your primary concern, returns on low-risk investments are lower and you won't [get rich](#).

Conversely, some BMO ETFs cater to investors with medium- to high-risk appetites. The assets contained therein are the opposite of the fixed income ETF. About 95 to 100% of the portfolio is in

equity ETFs with growth potential. BMO has other choices available with various ratios of asset allocation.

Balanced ETF

For the investor who neither has the time or energy to monitor his or her investment, the **BMO Balanced ETF** ([TSX:ZBAL](#)) is the most suitable.

This ETF is designed for investors who are at ease with low to medium investment risk. There is perfect balance in the portfolio. The asset allocation is about 55 to 60% equities or stocks and about 40 to 45% in fixed income. There is also [growth potential](#).

The first step before you invest in the BMO Balanced ETF is to inquire about the management fees, trading costs, commissions, and other related expenses. The BMO personnel you will transact with should be able to give you the details.

As a lazy investor, it doesn't make sense to have idle money parked in the bank. Investing in the BMO Balanced ETF is a good start. Eventually, as your income from the ETF grows, you might have the zeal to go into stock investing.

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