



Stash This 1 ETF in Your TFSA for Smooth Sailing to a Wealthy Retirement

Description

What if I told you there was a way to have a lower degree of volatility without compromising your return potential over the long term?

You always hear financial advisors exclaiming with higher risk comes higher reward and vice-versa.

While valid to a certain extent, there are ways around the rule that can allow you to obtain an above-average risk-adjusted return over time.

It's like having your cake and eating too, and the best part is that you don't need to put in hours of research to pick individual stocks to get on the smoother road to a wealthy retirement.

It's as simple as buying and holding the **BMO Low Volatility Equity ETF (TSX:ZLB)**, a [one-stop-shop](#) of high-quality Canadian companies that exhibit low betas, effectively allowing the ETF to outperform the **TSX** index with less volatility.

In a market like this, where the tweets of Donald Trump can send the markets tanking, you're going to want to lower your portfolio's beta, which in turn, will increase your portfolio's Sharpe ratio, which hedge fund managers use to gauge returns when adjusted for risks taken on.

Most investors are all about maximizing their returns in the shortest possible time. This leads many new investors down the road of speculation, with little to no consideration for risks borne with investments.

It's therefore not a mystery as to why wonderful low-fee ETFs like the ZLB have gone under the radar.

The ZLB is a long-term investment vehicle. It's nothing sexy. You won't get rich overnight, and you won't get sharp upward moves like with more volatile securities.

On the flip side, however, any pronounced downside in the markets will be dampened like shocks on a vehicle moving through rough terrain.

If you're an investor and not a speculator, the ZLB is really all you need to do better than average over the long haul. When it comes to your TFSA, you need not overthink the recent bout of volatility if you've got a foundation that's as solid as the ZLB.

Not only does the ETF have a lower correlation to the markets (it was minimally impacted by the [choppy swings](#) posted by the markets over the last few years), but there's an excellent, growing distribution (currently yielding 2.4%) that'll serve to combat volatile times further.

As **Bank of Montreal** ([TSX:BMO](#))([NYSE:BMO](#)) adds to its already impressive roster of TSX-traded ETFs, Canadians could find themselves with a wide range of options to improve upon their Sharpe ratio

For now, the ZLB does a fine job as a one-stop-shop investment, but it also can't hurt to stay up to date with BMO's latest ETF offerings.

CATEGORY

1. Bank Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BMO (Bank of Montreal)
2. TSX:BMO (Bank Of Montreal)
3. TSX:ZLB (Bmo Low Volatility Canadian Equity ETF)

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