



3 ETFs for Hands-Off Investors

Description

If you don't want to be glued to your computer watching the latest stock market news, exchange-traded funds (ETFs) are a good fit for you.

ETFs create a basket of stocks according to specific parameters. A parameter might be the top-10 businesses in an industry, the top 50 dividend-paying businesses in a country, and so on. ETFs reduce exposure to one stock and help keep portfolio management fees down.

If you decide to buy an ETF, I suggest you first look at how long the ETF has existed. It's more prudent to buy into an ETF that's been around for years. Some funds are new and perform well for the first year or two, but then provide flat or negative returns.

I'm cautious when it comes to investing. Below, I'll share with you some ETFs that have consistently delivered for a decade (or almost a decade).

Dividends

If you're a dividend investor looking for a steady stream of income, look no further than **iShares Canadian Select Dividend Index ETF** ([TSX:XDV](#)). The fund has been operational since 2005, has a one-year-total return of 14.72%, and a 10-year total return of 7.83%. I also want to point out this ETF was formed in 2005 and has been performing well for almost 15 years.

Canadian Select Dividend selects Canada's top 30 dividend payers and buys into them. This ETF buys heavily into Canadian banking. If you are exposed to high banking fees, this ETF is a clever little way of getting back some of those fees. If you pay high personal or business insurance rates, you can reclaim some of those fees through dividends.

Take that, banks and insurance businesses.

I like this ETF because of its longevity. There aren't many high-performing ETFs that have been around for 15 years.

Aggressive growth

Maybe you're a young investor with 30 years of planning ahead of you, or you're making up for lost time, or you want to stretch the upper limits of your TFSA.

Horizons S&P Index ETF (TSX:HSX) started nine years ago. The top holdings are of IT businesses, health care, financials, communication services, and businesses that sell items for discretionary spending. Since the fund's inception in November 2010, the fund's annualized return is an impressive 16.75%. If you find some tech stocks too expensive to buy individually, you can pick them up cheaper through this ETF. One such stock is **Berkshire Hathaway**, which sells at US\$226.90 per share. Another expensive stock would be **Microsoft** at US\$153 per share or **Apple** at US\$271.

[Horizon S&P Index ETF](#) is an interesting mix of IT innovation and health care. The top holdings are subject to change, but at the moment, the world's tech giants of Microsoft, Apple, and **Amazon** round out the top three holdings. If you're concerned about buying an expensive tech stock without knowing which company will create the next big thing, this ETF solves that problem.

Ultra-low management fees

iShares S&P/TSX 60 ETF ([TSX:XIU](#)) is, in my opinion, a foundational stock for all portfolios. The ETF's management fees are a paltry 0.15%. This ETF has the honour of being the first ETF in the world and started in 1990. Since the ETF's inception almost 30 years ago, the fund has averaged a solid 7.16% return. Not a stellar showing but enough to outpace inflation and deliver growth.

More importantly, given the longevity and stability of this ETF, [iShares S&P/TSX 60 ETF](#) will cushion your portfolio from softening economic conditions. One quick look at business headlines will show job losses, closing of pulp and paper mills, sagging manufacturing, and a suffering agricultural sector. Buying into this ETF is a defensive position.

The top holdings of this ETF are financials (banks) and energy. What's particularly interesting about this ETF is the ETF's investment in **Brookfield Asset Management**. Brookfield is one of my favourite businesses because of the company's heavy presence in renewable energy.

ETFs offer a low-cost way of positioning your portfolio to protect your wealth.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:XDV (iShares Canadian Select Dividend Index ETF)
2. TSX:XIU (iShares S&P/TSX 60 Index ETF)

PARTNER-FEEDS

1. Business Insider
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