3 of the Best Canadian Income ETFs

Description

It's no secret that income investing is one of the most popular strategies to grow and compound your money, especially as investors near retirement.

But what should you do if you want to employ an income strategy but don't have a large amount of funds to diversify?

Or better yet, what if you don't have the time to thoroughly research each individual company in order to choose the best available options?

Luckily for investors, in this day in age, there's an ETF for almost anything, so there are most certainly a wide variety of choices for investors who may be looking to add an income ETF to their portfolio.

Exchange-traded funds (ETF's) take much of the stress and difficulty out of investing, and also have the ability to do far better due diligence, pick the top stocks, and diversify the portfolio well, providing investors with a risk-minimized portfolio of stocks. Most important, the fees charged will be minimal.

So without further ado, here are three top choices for investors seeking income ETFs.

Real estate

The first high-quality ETF to consider buying to add some income to your portfolio is the **BMO Equal Weight REITS Index**

Real estate is one of the best income generating industries, and one of the most popular industries for investors looking to earn growing passive-income stream.

Whether you don't have a lot of funds to allocate to different stocks in the sector or you don't have the time to do substantial research on each company, a high-quality substitute to owning a real estate stock or REIT is to buy the ZRE.

Gaining exposure to the entire ETF will give you a portfolio of diversified real estate companies all across Canada, significantly reducing any risk in an already low risk industry.

The fund has a yield today of more than 4% with a price-to-earnings ratio of just 11 times, which makes it look pretty attractive. Adding this top ETF to help boost your income may be the best choice for you.

Diversified dividend stocks

When considering the best funds to invest in for dividends, you of course can't look past the **BMO Canadian Dividend ETF**.

The fund has 33% of its assets in financial stocks, 18% in energy, 12% in utilities and 11% in communication — all of which are some of the best industries for income-generating investments.

Together, these four industries compose more than three quarters of the fund's assets, which is why its dividend is so attractive as well as being highly sustainable.

At today's prices, the dividend yields more than 4.2%, and the fund's total price-to-earnings ratio is only 14.5 times, which is extremely cheap for such a well-diversified portfolio of income-generating companies.

Low volatility

The last option we'll cover is for those investors seeking income, but who also want to minimize volatility in their portfolios, which could be crucial for a retiree as we approach a potential recession.

The **BMO Low Volatility Canadian Equity ETF** is an ETF designed for investors to gain exposure to some of the top businesses in Canada, while owning a fund that minimizes its volatility in comparison to the markets.

The fund has a beta of just 0.76, which means that if the market is down 1%, the fund in theory will only decline .76%.

Although this may not seem significant, over time and a number of days of declines in market prices, like something you'd see in a bear market, the percentages start to add up, so if you want to minimize some of your volatility, consider gaining exposure to the ZLB.

The fund still pays a dividend, although it yields less than the other two options. At current prices, it's yielding roughly 2.3% and the fund's price-to-earnings ratio is 13.7 times.

Bottom line

Using ETFs to your advantage in order to gain exposure to a well-diversified portfolio, that's been put together by professional money managers, can be an efficient way to help you achieve your investing goals and grow your hard-earned capital for years to come.

CATEGORY

1. Dividend Stocks
2. Investing

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Date
2025/08/28
Date Created
2020/02/11
Author
danieldacosta