



Stock Market Crash: 3 TSX ETFs to Buy

Description

Investing as a whole and selecting individual stocks is always tricky. The difficulties of investing gets amplified considerably when trying to stock pick in a market crash or recession. This is one of the reasons why ETF investing has become so popular.

When markets are tanking and there is little liquidity, or the economy is in recession and there is little velocity of money, many companies have heightened risks to their businesses during these times.

The problem is that because the risks are present during good times and only come to fruition because of a weakening economic environment, a lot of the time, these risks can go relatively unnoticed until it's too late for investors.

To save on company-specific risk but still gain exposure to the industries and businesses you want, investors can consider buying ETFs.

Selecting sectors to invest in rather than stock picking could hurt some return potential but will certainly reduce risk, which is key during uncertain economic times.

Here are three of the best ETFs to consider adding, as we more than likely head into a recession.

Dividend ETF

The first ETF you'll want to consider is **BMO Canadian Dividend ETF** ([TSX:ZDV](#)). A dividend ETF is a great way for Canadian investors to increase your portfolio's income levels. [Dividend stocks](#) in general become more highly sought after during recessions.

In times of economic trouble investors want two things. First off, cash is king, so any investment that can return a fair amount of capital will be attractive. Second, investors want reliability in their companies' earnings. These high-quality dividend stocks can offer that to you.

Because the demand for these stocks will rise in a recession, they tend to outperform the broader

market. And the ETFs will almost always trade at a premium to other stocks and funds.

For investors who think we are on the brink of a recession, this is one of the first ETFs I'd consider buying.

Real estate ETF

Similar to how dividend stocks in general become so attractive in recessions, so too does the real estate industry. One real estate ETF to take advantage of this trend is **BMO Equal Weigh REITs Index ETF** ([TSX:ZRE](#)).

The ETF offers investors exposure to a wide range of REITs across Canada, reducing risk considerably. The fund yields a whopping 6.3%, making it a perfect holding in current conditions.

It's such a top-quality holding because you get exposure to one of the best industries in the country. In addition, the massive dividend returns a fair amount of cash to investors, which is a priority for investors as we move through a recession.

The fund has come down more than 30% off its 52-week high, giving investors a major opportunity to scoop up some shares today.

Low-volatility ETF

The last ETF to consider is a low volatility fund, **BMO Low Volatility Canadian Equity ETF** ([TSX:ZLB](#)). All the uncertainty in markets around the world has led to major volatility lately.

The rapid change in news around the world related to the coronavirus and the market's subsequent take on what the future looks like is changing by the hour. This can be potentially devastating to portfolios if investors aren't careful and don't take a long-term approach.

You can mitigate some of this risk, however, by buying the low-volatility ETF. Buying it will help to reduce your portfolio's overall volatility, ensuring that you minimize as much risk as possible, as we enter a longer period of heightened uncertainty.

The fund pays a dividend yield of 3% and is trading at just 12.5 times earnings, offering great value today.

Bottom line

ETFs are a great way to gain exposure to specific industries or assets, while minimizing your risk at the same time. These three ETFs are among the top to consider today. As the likelihood of a recession grows by the day, these funds will protect your capital the best.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:ZDV (BMO Canadian Dividend ETF)
2. TSX:ZLB (Bmo Low Volatility Canadian Equity ETF)
3. TSX:ZRE (BMO Equal Weight REITs Index ETF)

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Date

2025/08/14

Date Created

2020/03/18

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