Millennials: 2 Awesome ESG ETFs to Stash in Your TFSA Right Now

Description

Many young investors like millennials don't just want to build their wealth, which is that much easier through tax-free compounding made possible by a Tax-Free Savings Account (TFSA); they also want to use their investment dollars to change the world for the better.

You see, every share of a company is a vote of confidence. As young investors look to vote for change at the corporate level, they buy shares of companies that have better ESG (environmentally friendly, socially responsible, governance) ratings and shun shares of those with lacklustre ESG ratings.

ESG is the long-term trend that millennials should bet on!

Over the next decade and beyond, I believe ESG-friendliness will be proportional to how much a firm is actually worth. For companies, striving for a higher ESG rating isn't just some sort of charitable endeavour that eats into profits. It's an investment, not only in the community or the world but in its own business. Millennials and younger investors value ESG, and, best of all, investing in a socially (or environmentally) responsible manner doesn't have to come at the expense of long-term returns.

Heck, ESG firms may even be in a position to outperform their less-ESG-friendly peers, as taboos are placed on firms that show less care for all stakeholders.

So, if you're a millennial who's looking for a couple of one-stop-shop ETFs to stash away in your TFSA to build wealth while doing your part to change the world, consider shares of these two new **Bank of Montreal** ESG ETFs: **BMO MSCI Canada ESG Leaders Index ETF** (TSX:ESGA) and **BMO Balanced ESG ETF** (TSX:ZESG). They are two different ways to achieve the common goal of investing in wonderful businesses that align to socially responsible values.

A tale of two ESG ETFs

The ESGA mirrors the performance of the MSCI Canada ESG Leaders Index, which is a cap-weighted index of ESG companies. The index has a heavy weighting in the Canadian banks and underrepresented parts of the TSX Index, such as tech, with a nearly 10% weighting in the ESG-friendly **Shopify**.

For those seeking greater balance or fixed-income exposure, the ZESG may be the better horse to bet on.

The ESG ETF shares the common goal of investing in socially responsible businesses, but with a 60/40 blend of equity and fixed income, both of which abide by the high standards for environmental sustainability, social responsibility, and good corporate governance practices. The ZESG sports a mere 0.2% Management Expense Ratio (MER), which is ridiculously low, considering that most balanced mutual funds sport ridiculously high MERs well above the 2% mark.

Undoubtedly, the index aspect of both ESG ETFs can save investors a tonne of money in fees relative to some of the more actively managed investment products out there.

Foolish takeaway

The ESGA sports an even lower MER of 0.17% and may be a better pick for young investors who are more comfortable with risk, as the balanced version of the ESG ETF, I believe, is too heavily weighted in fixed-income securities. Regardless, both the ZESG and ESGA are fantastic low-cost BMO ETFs that can allow investors to bet on some pretty wonderful businesses that are doing more than their part to change the world for the better

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Author
joefrenette