3 TSX ETFs to Buy in May

Description

In today's market conditions, there is more uncertainty than there's been in a long time. This is making stock picking extremely difficult, leaving many investors to be better off buying **TSX** ETFs.

Not only does all the uncertainty make it difficult to predict what might happen, but it makes it difficult to even get an idea of how long things may last.

So, investors can use ETFs today to build a strong and resilient portfolio capable of withstanding another potential market crash.

And by investing in ETFs rather than stocks, investors are already mitigating certain company-specific risks. This is helpful, as these are the exact economic conditions where you want to minimize all the risks you can.

So, without further ado, here are the top three TSX ETFs to buy today.

Low-volatility ETF

With all this uncertainty and the potential for another market crash, there is likely to be more volatility similar to what we saw earlier in the year.

The **BMO Low Volatility Canadian Equity ETF** (TSX:ZLB) is one of the best picks on the TSX to help investors mitigate that volatility.

The fund is extremely low cost, has a trailing dividend yield of roughly 3.2%, and trades at a fair valuation of just over 10 times trailing earnings.

The low-volatility ETF is made up of some of the top blue-chip stocks on the TSX. Financials, utilities, and consumer defensive stocks are the top three industries and combine to make up more than 50% of the fund's assets.

The ZLB is the perfect investment for investors looking to reduce the volatility of their portfolio as well as gain exposure to a stable dividend yield.

TSX utility ETF

Another utility that investors can buy to help give their portfolio a defensive boost is a utility ETF.

A fund like the **BMO Covered Call Utilities ETF** (TSX:ZWU) is one of the best choices investors have.

Utilities are one of the top defensive stocks on the market. Because of their regulated revenue, the cash flows they receive are highly stable and predictable. This makes those businesses extra appealing during times of economic uncertainty.

Furthermore, utility stocks are a bond proxy, and with interest rates extremely low and looking like they won't be increased anytime soon, these stocks are an excellent investment today.

Plus, because the ZWU utilizes a covered call strategy, the dividend it pays is substantial. Currently, the ETF has a trailing yield of more than 8.2%.

An 8.2% yield is extremely significant and one of the most attractive of any ETF on the TSX.

TSX gold index ETF

No portfolio would be complete in this day in age without a little exposure to gold. Many experts advise investors to always have at least some of your portfolio invested in gold. However, if there was ever a time to make sure to have some gold, now would be it.

An easy way for investors to get exposure to the gold-producing sector is through the **iShares S&P/TSX Global Gold Index ETF** (TSX:XGD).

The XGD gives investors exposure to numerous gold producers with operations all around the world. This is a great way to mitigate a lot of the operational and geographic risk.

Instead, investors expose themselves to the leverage that's offered by the gold-production industry.

As the price of gold rises, these stocks will see their profitability skyrocket. That growing profitability will send the stock price higher. And when numerous companies in the ETF are growing their share priceS rapidly, the ETF will follow suit.

Bottom line

All three of these TSX ETFs help investors to protect their capital today, while also putting them in an advantageous position to take advantage of any opportunities.

Most importantly, however, they are helping investors to reduce their risk, so they can weather this ongoing financial crisis.

CATEGORY

1. Coronavirus
2. Dividend Stocks
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TICKERS GLOBAL

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2. TSX:ZLB (Bmo Low Volatility Canadian Equity ETF)
3. TSX:ZWU (Bmo Covered Call Utilities ETF)

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