



## 2 ETFs for New Investors to Buy Today

### Description

Are you a new investor who isn't sure of what to invest in? While it may be tempting to buy shares of high-flying tech stocks, valuations are expensive right now and buying at or near the peak could cause you to incur significant losses along the way.

A safer approach is to consider investing in exchange-traded funds (ETFs) that can give you exposure to a wide range of stocks and minimize your risk in the process.

Below are two ETFs that can give you a good mix of growth and [dividend income](#). They're great pillars to build around, and you can safely hold them in your portfolio for many years.

### Mirroring the S&P 500

The **BMO S&P 500 Index ETF** ([TSX:ZSP](#)) will give you a way to try and mimic the performance of the S&P 500. The fund holds the best stocks you can find on the North American exchanges, including big names like **Microsoft** and **Apple**, which make up more than 5% of its total assets.

The ETF also gives you a balanced investment with exposure to tech, healthcare, financial services, telecom, and other sectors. It eliminates the need to pick your own stocks from different industries in an effort to diversify; the ETF effectively does it for you.

And since it's based on the S&P 500, you know that the returns will generally be strong over the long term. Here's how closely it's followed the index over the past five years:



The ETF will also provide you with a modest yield of 1.6%, and it has very minor net expense ratio of 0.08%. Investing in the S&P is one of the safest and most reliable ways to grow your portfolio's value over the long term.

## Invest in REITs for even more dividend income

The S&P 500 ETF is great, but the one area where it's lacking is dividends. That's where real estate investment trusts (REITs) come in handy. Since they have to pay out 90% of their profits back to investors, they normally make for some [great dividend stocks](#). And one ETF that holds a lot of them is the **BMO Equal Weight REITs Index ETF (TSX:ZRE)**.

Here, you'll find some of the top REITs on the TSX, including the **Boardwalk Real Estate Investment Trust**, which, at 5.6%, is the largest of the fund's holdings. The disadvantage of this ETF is that it isn't as diverse as the S&P 500, but it makes up for that with a better payout. Currently, the Equal Weight REITs ETF yields 5.4%.

And while it doesn't have much diversification across other sectors, it does give investors a broad mix of REITs. It includes REITs that are focused on healthcare, offices, shopping centres, and many other types of spaces. The ETF can give you a strong cross-section of REITS, allowing you to avoid having to sift through individual stocks to see which one is the best investment.

The ETF has struggled this year, falling 19% in 2020, as fears of tenants not paying rent amid the COVID-19 pandemic have made investors fearful of the sector. The REITs in this ETF now average a

price-to-earnings multiple of less than seven and a price-to-book ratio of less than one. This fund could prove to be a bargain buy today.

## CATEGORY

1. Dividend Stocks
2. Investing

## TICKERS GLOBAL

1. TSX:ZRE (BMO Equal Weight REITs Index ETF)

## PARTNER-FEEDS

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

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## Author

djagielski

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