The World's Biggest ETF Has Been Losing Vast Sums of Money

Description

Exchange-Traded Funds (ETFs) provide investors with an excellent way to invest in the performance of a selection of stocks instead of picking individual stocks to add to their portfolio. The diversity of ETF holdings allow the funds to provide investors with exposure to several markets, sectors, or companies with different market caps.

Investors seeking exposure to the US markets know about the **SPDR S&P 500 ETF Trust** (NYSE:SPY). It is the world's biggest ETF, and it provides investors with substantial exposure to U.S. markets. However, the ETF is in a lot of trouble, and investors need to be wary of the ETF.

Bleeding out cash

Investors have pulled out US$33 billion from the ETF so far this year. The most significant sell-off period for the ETF was during the initial frenzy caused by the pandemic in February and March 2020. However, the ETF has not made a recovery as quickly as most of its peers, and it seems to be in deeper trouble.

Issuers were all scrambling to cut down costs. The relatively higher expense-ratio for SPY is a possible reason why the ETF could not enjoy a significant rebound. The ETF carries a fee much more significant than its closest competitors. Investors who are re-entering the market after initially exiting their positions are leaning towards more affordable options.

Safer exposure to U.S. markets

As the markets remain choppy and the biggest ETF in the world struggles to recover, Canadian investors betting on the U.S. market need to consider alternative options. If you want to gain exposure to the U.S., there could be better alternative trading right here on the **TSX.**

Toronto-Dominion Bank (TSX:TD)(NYSE:TD) is a reliable financial institution that has been trading on the TSX for a long time. One of the Big Five Canadian banks, TD, is a wonderful business for long-term investors looking to buy and forget to see their wealth grow.

TD has more than 100 years of historical performance to consider. In that time, TD has undergone multiple periods of global economic downturn, two World Wars, and even the Spanish Flu pandemic. Toronto-Dominion has managed to emerge strongly every time.

The bank also has substantial exposure to the U.S. retail banking sector. It is one of the top 10 banks in the U.S., and it continues to exhibit a strong performance. The stock took a beating due to COVID-19, like most of its peers. However, it looks attractive if you consider it as a long-term investment after reviewing its history.

Toronto-Dominion is trading for $58.80 per share at writing. At its current valuation, the stock is paying its shareholders at a juicy 5.37% dividend yield.

Foolish takeaway

ETFs are generally a far better alternative for investors seeking passive management of their investment capital. With the biggest ETF that provides exposure to the U.S. markets currently in trouble, a stock like Toronto-Dominion Bank can provide you a more viable alternative to consider adding to your portfolio.

You can leverage its capital gains and grow your wealth further through its juicy dividends.

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