2 Canadian ETFs to Buy in September 2021

Description

There's a growing selection of quality Canadian ETFs these days. **Bank of Montreal** is one of many firms that have been stepping up to the plate, giving Canadian investors more choice and at lower prices. The selection is growing, and I'm a huge fan of many intriguing BMO ETFs that tailor to the unique needs of a wide range of investors. From specialty income (think covered call ETFs) to smart beta strategies (think low volatility funds) and international funds to index funds, it's clear that BMO is a one-stop-shop for passive investors these days.

I'd encourage Canadians to check out BMO's ETF roster. There's really something for everyone. In this piece, I'm going to have a look at two of the more exciting opportunities for young, venturesome investors who want to close out 2021 with a bang. Indeed, each ETF seems to offer a great entry point going into September.

Without further ado, consider the **BMO China Equity Index ETF** (TSX:ZCH), a Chinese tech-heavy basket of American American Depository Receipts (ADRs), which have been under considerable pressure in recent months. For those looking to stay domestic, the **BMO Low Volatility Canadian Equity ETF** (TSX:ZLB) also looks attractive for those looking for a passive investment that's better than the notoriously undiversified **TSX Index**.

BMO China Equity Index ETF

First, the BMO China Equity Index ETF, or the ZCH for short, looks like a screaming buy after suffering a catastrophic crash led by the perfect storm of headwinds. There's panic when it comes to Chinese tech stocks these days, with the regulatory crackdowns, delisting threats, accounting practice uncertainties, a potentially slowing Chinese economy, and all the sort. Undoubtedly, the list of things to worry about is high. As a result, being an investor in any Chinese ADRs has been very stressful.

Whether we're talking about the crackdown on education stocks, time limitations on gaming, or stiff penalties for dominant behemoths like **Alibaba**, it's clear that you're getting more than your fair share of risk by investing in any name in the ZCH basket.

Moreover, the fate of U.S.-listed ADRs remains highly uncertain. For many, it's just a better idea to stay out of Chinese equities. That said, I am tempted by the 50% crash in the index and the longer-term growth potential of the broad range of Chinese tech companies that could give U.S. tech titans a good run for their money over the next decade.

If you seek hyper-growth and deep value, the ZCH is a solid option. But, of course, the risks are considerable. With higher risks comes the potential for much higher reward, however. Despite the growing number of question marks, I think it's tough to pass by the value in Chinese equities these days, especially given the frothy valuation in the states.

BMO Low Volatility Canadian Equity ETF

If you're looking to de-risk your portfolio, the ZLB may be more your cup of tea. The ETF is a superior way to bet on the Canadian economy. The ZLB is better diversified across sectors and seems to overweight higher-quality companies trading on the TSX. The ETF has a track record for one-upping the TSX while exhibiting less volatility, resulting in better risk-adjusted returns.

Now up nearly 55% from the March 2020 bottom, I think the ZLB is back to ascending smoothly. So, if you're looking for the perfect blend of value, appreciation, and diversification, it's really tough to match the ZLB. It outshines the TSX in almost every regard, except management fees.

While the 0.39% MER is considerable, I do think there will be downward pressure on BMO's line of ETFs over the coming years. In any case, I think management is deserving of the extra fee, given what investors stand to gain over the TSX.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:ZCH (BMO China Equity Index ETF)
2. TSX:ZLB (Bmo Low Volatility Canadian Equity ETF)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. arosenberg

2. joefrenette

Category

1. Investing

Date
2025/08/18
Date Created
2021/09/01
Author
joefrenette