



## Can You Retire Comfortably on Canadian ETFs Alone?

### Description

The rise of ETF investing has gained a tonne of popularity with Canadian investors over the last few years. With major advances in technology and innovation, ETFs are extremely common these days.

And because they offer tonnes of benefits and continue to increase the advantages they offer to investors, ETFs are consistently gaining popularity among both retail and institutional investors.

In the past, while there were some Canadian ETFs that were attractive, if you wanted adequate diversification, you'd have to consider U.S. ETFs as well.

Today, though, with many more ETFs on the market, you can find many attractive Canadian ETFs that can play a significant role in your portfolio.

So you may be wondering, if ETFs are so great, can you retire comfortably on Canadian ETFs alone?

## The main benefits of buying ETFs

Some of the biggest benefits of ETFs, especially lately, are the minimal management fees you have on almost every fund. The main reason ETFs became so popular in the first place was a low-cost substitute for mutual funds. And ever since ETFs have been gaining popularity, the increased competition has continued to drive down fees.

In addition to the low costs, another major advantage of Canadian ETFs is the diversification they offer. Not only does buying one ETF give you exposure to hundreds of stocks, but different ETFs can offer you exposure to different industries altogether.

No matter what your [investing strategy](#), there will be numerous Canadian ETFs to consider for your portfolio. These funds can be classified in many different ways: by sector, country, or even type of stock. For example, some ETFs offer exposure strictly to dividend stocks, while others only offer exposure to growth stocks. You can even buy ETFs that offer exposure to bonds.

This is why ETF investing has become so popular in recent years — that and the fact that legendary investors such as Warren Buffett have advised retail investors that the best strategy for long-term investing is buying low-cost [index funds](#).

## Two top Canadian ETFs to own long-term

If you're a Canadian investor and want to heed the advice of Warren Buffett, one of the best ETFs to buy today is the **iShares S&P/TSX 60 Index Fund** ([TSX:XIU](#)).

The XIU ETF offers investor exposure to 60 of the largest stocks in Canada. It's an excellent index fund to buy as a long-term investment to have diversification to every sector.

Currently, it pays a dividend that yields 2.6% and over the last year has earned investors a total return of 29.5%, an impressive amount. However, the Canadian ETF does have one main drawback.

All of the stocks it owns are Canadian businesses. This is great for Canadian investors as it's important to have a tonne of exposure to Canadian stocks. However, you'll also want global exposure, including some of the top stocks south of the border.

That's why in addition to the XIU, you may also want to consider a Canadian ETF like the **iShares S&P 500 Index Fund**.

This is the top ETF to buy for Canadians who want to buy an index fund of American stocks. This way, even if Canada's economy struggles, you still have diversification to some of the top companies outside the country.

And because these are some of the largest businesses in America, a lot of them offer investors exposure to their global operations as well.

## Bottom line

ETFs like these can play a major role in your portfolio and allow you to retire comfortably on ETFs alone. And in addition to these, you can add whatever other ETFs or even stocks alongside them.

So if you're looking for investments that will pay you a tonne of passive income, you can buy high-quality dividend stocks or even a fixed income fund.

ETFs offer investors a tonne of flexibility. So whether you want to buy ETFs for your whole portfolio or just want one ETF to own alongside the rest of your stock portfolio, it's crucial to take advantage of the benefits they offer.

### CATEGORY

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2. Stocks for Beginners

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1. TSX:XIU (iShares S&P/TSX 60 Index ETF)

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## **Author**

danieldacosta

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