



The 4 Best ETFs to Buy Now

Description

The idea of investing in stocks can be exhilarating as well as difficult. Opening a trading account or a Tax-Free Savings Account (TFSA) is easy. But the challenge is which stocks to invest in and how much. Then there is another angle to it. If the stocks you bought dipped and put your portfolio in red, you might panic sell to cap your losses.

A good way to start stock market investing is by [investing in ETFs](#). You can buy and sell these Exchange Traded Funds just like stocks. ETFs are comparatively safer than individual stocks as they give you exposure to a list of stocks in a sector, index, or international market.

Which ETFs to buy?

The next question is which ETFs you should invest in. These funds give you exposure to stocks, commodities, bonds, and international markets. Here are four ETFs of the different asset classes:

- **iShares S&P/TSX 60 Index ETF** ([TSX:XIU](#))
- **Vanguard FTSE Canadian High Dividend Yield Idx ETF** ([TSX:VDY](#))
- **iShares NASDAQ 100 Index ETF (CAD-Hedged)** ([TSX:XQQ](#)) and
- **Purpose Bitcoin CAD ETF** ([TSX:BTCC.B](#))

You might have noticed that I didn't give a bond ETF and instead gave a dividend ETF as dividend yields are lucrative in the current market.

TSX 60 Index fund

When you start investing, it is good to have exposure to the overall market. Then you can move to categories like sector-specific or investment-specific ETFs. The **iShares S&P/TSX 60 Index ETF** tracks the TSX 60 Index, giving you exposure to the top 60 stocks by market capitalization trading on the exchange.

Every country has a specialization, and certain sectors dominate that market. For instance, the financial and energy sectors carry a high weightage on the **Toronto Stock Exchange**. But this composition is changing as tech companies are gathering momentum.

The XIU ETF can help you earn market returns by holding stocks that are shaping the market. It has delivered an average return of 9.2% in the last 10 years.

The high dividend yield ETF

The VID ETF tracks the FTSE Canada High Dividend Yield Index and has an average 12-month dividend yield of 3.8%. It has a portfolio of 39 dividend stocks, of which 80% are in the financial and energy sectors. It has significant exposure to stocks like **Royal Bank of Canada**, **Enbridge**, and **BCE**. These stocks have a strong history of paying regular dividends and even growing them.

Having a dividend ETF can help you earn a regular income from the stock market and keep you motivated in the bear market.

The international ETF

Since the March 2020 dip, this **NASDAQ** ETF has surged 124%. It has exposure to the future tech trend of 5G, artificial intelligence, autonomous cars, and maybe even space travel. It can give your portfolio a boost while diversifying your risk.

The Bitcoin ETF

Once you have exposure to Canadian stocks, you can explore international markets also. One of the most lucrative stock markets is NASDAQ, home to all trillion-dollar market cap companies. It is a no-brainer to rethink having exposure to NASDAQ stocks as these companies are shaping the future. From **Tesla** to **Apple**, the iShares NASDAQ 100 Index ETF has exposure to all.

Investing in future tech trends can bring significant returns. But here is a different asset class other than stocks. Cryptocurrency, especially Bitcoin, is [highly volatile](#) than any fiat currencies. It is good to have a diversified asset class as they are not impacted by the same factors. Hence, when one asset class is down, the other rises, bringing balance to the portfolio. For instance, Bitcoin price is dependent on their acceptance and regulatory crackdowns. It is unaffected by the business cycle or supply chain shortage that kept automotive stocks under the sun.

The Purpose Bitcoin CAD is Canada's first crypto ETF. It has made this asset class open to a broader audience base of stock traders. Buying a BTC has its [challenges](#) as the crypto platform is exposed to hackers. Moreover, you can't buy it through the TFSA and avail of tax benefits on investment income. The Purpose Bitcoin ETF takes care of all this hassle and gives you exposure to BTC price volatility.

Foolish takeaway

If you are skeptical about stock picking, use ETFs. They are the cheapest way to diversify your

portfolio and earn decent returns.

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4. Tech Stocks

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1. TSX:BTCC.B (Purpose Bitcoin ETF)
2. TSX:XIU (iShares S&P/TSX 60 Index ETF)
3. TSX:XQQ (iShares NASDAQ 100 Index ETF (CAD-Hedged))

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