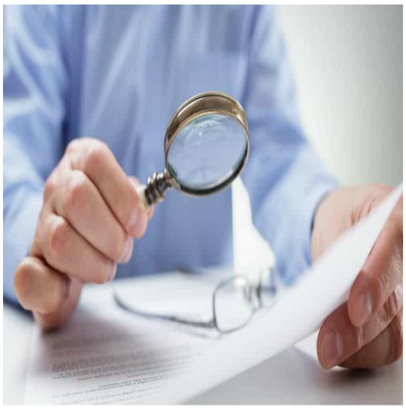

2 Canadian Dividend ETFs to Watch Today

### Description

The **TSX Index** isn't a great investment for passive investors, given the lack of sector diversification. Still, there's a slew of great Canadian dividend ETFs that provide better diversification alongside a better yield. Over the years, many new passive-investing products have popped up. The list continues to grow with time, and although it can be overwhelming for beginners, one can strive to keep it simple with one or two one-stop-shop ETFs.



In this piece, we'll have a look at two of my favourite Canadian dividend ETFs that are worth stashing on your radar. Indeed, both ETFs hold shares of some of the most attractive Canadian companies, with far greater industry and sector diversification versus the financial- and energy-heavy TSX Index. Best of all, each ETF's MERs (management expense ratios) are ridiculously low at below 0.4%, making both comparable to your run-of-the-mill index fund. Both ETFs are run by **Bank of Montreal** and offer a great way for hands-off investors to gain exposure across a wide range of high-dividend names for a ridiculously low price.

## BMO Canadian Dividend ETF

**BMO Canadian Dividend ETF** (TSX:ZDV) is a curated basket of some of the best-known dividend payers on the TSX. Not only does the fund own firms with high yields, but firms with secure dividends in a position to grow at a good rate over time. Indeed, many of the names underneath the ZDV's hood are great dividend-growth stocks that happen to have attractive upfront yields, many of which lie in the 3-6% range.

The 3.9% yield is bountiful but could swell towards 4.5% on a broader market pullback. As such, investors should look to scale into a full position in the ZDV gradually over time. The Canadian ETF is heavy in the big Canadian banks, but is still more diversified than the TSX Index, which may not have much exposure to consumer defensive or utilities, two defensive areas of the market that can help investors better deal with broader market volatility.

The 0.39% MER is quite low, but slightly higher versus the likes of an index fund. For those like the big banks, telecoms, and pipeline behemoths, the name is a quick and easy way to gain exposure.

## BMO MSCI Canada ESG Leaders Index ETF

For investors seeking a Canadian ETF that's more ESG friendly, **BMO MSCI Canada ESG Leaders Index ETF** (TSX:ESGA) may be the way to go. Like ZDV, the ETF is filled with magnificent Canadian companies but with a focus on ESG factors over dividend yield. Despite the difference in focus, the ESGA still has a bountiful yield of 2.6% and a lower MER of 0.17%. Indeed, the ESGA is based on an index, but it's a very good one, with magnificent companies under the hood. Moreover, I believe ESGA provides better sector diversification, with around 14% of holdings within the tech sector.

Tech is a vital sector for portfolios. The relatively sizeable allocation to tech stocks allows for greater growth versus the ZDV. If you're a younger investor who doesn't need as much income now, I believe foregoing an extra 1.2-1.5% in yield is worthwhile, making the ESGA my favoured pick in this battle of Canadian dividend ETFs.

**CATEGORY**

1. Investing

**TICKERS GLOBAL**

1. TSX:ESGA (BMO MSCI Canada ESG Leaders Index ETF)
2. TSX:ZDV (BMO Canadian Dividend 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. joefrenette
2. kduncombe

**Category**

1. Investing

**Date**
2025/08/21
**Date Created**
2021/11/15
**Author**

joefrenette