



Dividend Investors: 3 of the Best Canadian ETFs to Buy for 2022

Description

Being a dividend investor is one of the best ways to put your money to work, because it allows you to earn attractive passive income while still having the opportunity to benefit when stocks increase in price. However, buying individual stocks can be risky sometimes, which is why many dividend investors will elect to find the best Canadian ETFs to buy.

[ETFs](#), in general, can help to reduce risk by offering investors natural diversification. And with investors looking for dividend ETFs, it can be even more critical to help ensure that much of the passive income you receive each quarter is resilient.

So, if you're a dividend investor looking to expand your portfolio in 2022, here are three of the best Canadian ETFs to buy.

Index ETFs are some of the best to buy for dividend investors

Buying index ETFs is without a doubt one of the best ways to invest for the majority of Canadians. That's why if you're compiling a list of the best Canadian ETFs to buy, then a high-quality index fund should be there.

An excellent example for investors looking to gain exposure to the Canadian market is **iShares Core S&P/TSX Capped Composite Index ETF** ([TSX:XIC](#)). The XIC has over \$9 billion in assets, making it highly liquid and an excellent investment to buy and hold for decades.

It's one of the best ways to gain exposure to the Canadian stock market as a whole. That means that the dividend comes from a tonne of different companies. So, in general, while it may have its ups and downs, it should be highly stable.

Currently, the yield is roughly 2.5%, which is not bad for an index fund. However, it is lower than many other dividend stocks and the two other ETFs on this list. And while that may be concerning for investors, typically, investments that have lower yields usually offer more capital gains potential. So, if you're a dividend investor but are still looking to grow your capital rapidly, an index ETF may be the

best Canadian ETF to buy for 2022.

Some investors choose to only invest in index funds. At the same time, others will stick a portion of their portfolio in index funds and look for other investments as well. If that's you and you're looking for more of the best Canadian ETFs to buy in 2022, here are two more of the top choices.

A Canadian Dividend Aristocrat ETF

Another option and one that's perfect for investors looking to earn passive income is **iShares S&P/TSX Canadian Dividend Aristocrats Index ETF** ([TSX:CDZ](#)).

The Canadian Dividend Aristocrats list is made up of stocks that have increased their dividends for at least five consecutive years. So, the CDZ is an excellent ETF to buy for investors looking to earn highly stable and growing passive income. Typically, companies that can increase their dividends year in and year out with consistency are well-established companies that have incredibly resilient businesses.

Currently, the ETF yields slightly more than the XIC at roughly 3.1%. And while that's still a lower dividend yield, investors can expect more growth over the years, as each of the portfolio companies continues to increase their payouts.

So, if you're a Canadian dividend investor that would prefer growth over yield, CDZ is one of the best ETFs to buy for 2022.

Consider a covered-call ETF for a higher yield

Lastly, if you're an investor that would prefer a higher-yield dividend ETF, **BMO Canadian High Dividend Covered Call ETF** ([TSX:ZWC](#)) is an excellent choice.

Investing in a covered-call ETF is a great strategy for dividend investors, especially if your priority is to maximize your income. The fund utilizes a [covered-call strategy](#) — a low-risk options strategy that's designed to improve the yield of an investment.

If you're an investor that wants a high-yield ETF, the ZWC is one of the best to buy in 2022. Right now, it has a yield of 6.3% — more than double the Canadian Dividend Aristocrats ETF.

There are plenty of high-quality Canadian ETFs for dividend investors to consider buying in 2022; however, these three are some of the very best.

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