



## Got \$2,000? 1 Top Canadian ETF to Fight Inflation

### Description

Inflation may not be as transitory as the U.S. Federal Reserve thinks. Undoubtedly, transitory can mean some arbitrary amount of time, but after a year of inflation showing no signs of cooling off, some may be growing concerned. Indeed, the rate of inflation increase may be slowing down, but with U.S. CPI above 6%, and Canadian inflation in the 4% range, it's time for those investors who've shrugged off inflation as being just a transitory bout to take some action to better [protect](#) their nest eggs.

### Inflation could persist for most of 2022: Are you ready?

Undoubtedly, inflation is likely to start declining in 2022. Central banks are just months (or weeks) away from increasing interest rates, and resolving supply chain issues should relieve a bit of the upward pricing pressures across the most in-demand items in short supply. Just because the stage is set for inflation to come back down to Earth doesn't mean it will, though. The future remains as uncertain as ever, and arguably the best inflation hedge (stocks) is seeing extended valuations.

Meanwhile, the precious metals and **Bitcoin** have been under a bit of pressure of late. While investors are between a rock and a hard place, I still think staying diversified is key to making it through what could be another year of problematic price increases.

Without further ado, consider the following ETF that can help investors further diversify and bring the fight to inflation.

So, whether inflation persists for another quarter, year, or two years, check out **BMO Equal Weight Banks Index ETF** ([TSX:ZEB](#)), a basket of Canadian banks that goes for a relatively reasonable MER of 0.6%. Of course, depending on the sum you desire to invest, you could buy each one of the Big Six Canadian banks yourself and pay the commissions right off the bat to save yourself the management fee that'll accompany the ZEB.

As a smaller investor with a limited sum (around \$2,000), though, the MER on the ZEB is well worth the price of admission, especially given the convenience of having an equal weighting across Canada's top banking giants.

## BMO Equal Weight Bank Index ETF: A one-stop shop for Canadian banking exposure

Indeed, rates are poised to surge higher from here, and the big banks stand to be significant beneficiaries, as their net interest margins have the means to creep higher, all while loan growth bounces back. There's always a best bank (or two) for your buck. But I'd argue that you could do well with getting a piece of all of them at this juncture.

The ZEB sports a solid yield of 3%, alongside a four-star Morningstar rating. Indeed, ZEB is a solid choice for investors with a sum below \$10,000 who want to bet on the broader basket of Canadian banks. **National Bank of Canada**, Canada's number-six bank, I believe, is arguably one of the "growthier" banks and is well deserving of an equal weighting versus (around 15-17% of the ETF) its bigger brothers.

Indeed, the green light has been given to the Canadian banks to resume rate hikes and buybacks. As the industry environment improves, expect more of the same. Solid beats, raises and generous share repurchases, a three-punch combo to the gut of inflation.

## Big banks versus inflation: A top buy with \$2,000 in TFSA cash

It's hard not to love the banks in this [environment](#). Further, it's hard to choose which one to load up on. With ZEB, you don't have to choose. You'll gain exposure to the Big Six all with one purchase, making the ETF one of the better ones to own for Canadians seeking to put an extra \$2,000 in TFSA funds to work.

### CATEGORY

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