2 Dividend Heavyweights to Check Out Today!

Description

If you're a self-guided investor who's a bit overwhelmed going into what could be the first selloff of 2022, know that you're not alone! Undoubtedly, when markets show fragility, things can free fall quite quickly, and it can be tough to keep track of the names in your portfolio and your watchlist.

That's why beginner investors should look to some of the solid Canadian ETFs out there, many of which offer a wide range of solids securities for a low (at least low compared to the likes of many mutual funds these days!) MERs. Indeed, when markets plunge, it can pay dividends to act fast, ignore your panicky feelings, and act as a true contrarian.

Fighting volatility and inflation with dividends!

Undoubtedly, you can do very well by averaging into markets gradually over time. But whenever you're served up with a market correction or some sort of sector-based bear market, you can tilt the odds heavily in your favour by buying while most others are rushing to the exits. Indeed, if you bought when stocks were nosediving back in February or March of 2020, you did well if you just held on for dear life (or HODL'd, as Redditors may say).

Indeed, that's easier said than done. With markets around 3% off the high, it seems like a correction is up ahead. But this jitter over rate hikes and all the sort, I believe, is just healthy for the longer-term health of the current bull market. As such, investors should scavenge the rubble for opportunities. Yes, a 3-4% drop (or 7% decline in the Nasdaq 100) isn't huge. But if you're willing to look underneath the hood, there are huge opportunities, with some names considerably off their all-time highs. Think of the names within Cathie Wood's flagship ARK funds! Many have been chopped in half already in the face of higher rates!

While the Wood names may be due for a bounce, I think you can't go wrong with dividend stocks, as markets look to roll over. Sure, you won't make a fortune over the course of weeks, but you'll do well either way. Remember, catching a bottom is nearly impossible to do, especially for market newcomers.

The battle of Canada's top dividend ETFs

Sometimes, you need a default name to buy when the tides turn south. That's why **BMO Canadian Dividend ETF** (TSX:ZDV) or **BMO High Dividend Covered Call Canadian ETF** (TSX:ZWC) are worth stashing on your watchlist. Both ETFs have enviable yields that are safe, sound, and poised to grow steadily over the long run. Whenever you can buy them on a dip (like back in early 2020), you get a bit of bonus yield. As you know, yields rise when share prices fall. Although you can't turn back time to March 2020 to pick up the ZWC's north of 8% yield, you can pick up a pretty solid payout from such names on the occasional 5-10% dip.

Both the ZDV and ZWC are baskets of high-quality dividend stocks on the TSX. The difference lies in the "covered-call" bit. The ZWC gets a bit more yield from the underlying covered-call writing strategy conducted by the fund's managers. In short, you surrender capital upside for a bit of premium income with the ZWC. If you're somewhat bearish or cautiously optimistic on 2022, as many are right now, the ZWC arguably could be the better bet. If 2022 is another strong year, though, you could miss out on a bit of gain with the ZWC versus the likes of a non-covered-call counterpart.

Put in the homework and choose wisely! Both are great options for most types of market "weather." But, as always, there's one better bet at any given time.

CATEGORY

1. Dividend Stocks
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TICKERS GLOBAL

1. TSX:ZDV (BMO Canadian Dividend ETF)
2. TSX:ZWC (Bmo Canadian High Dividend Covered Call ETF)

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joefrenette