3 ETFs You Must Know for Today’s Stock Market

Description

Do you struggle between investing in exchange-traded funds (ETFs) or stocks? There’s no need to. Depending on the situation, investing in ETFs or stocks may be the right move. For example, if you’re just starting out investing with limited capital, you can immediately diversify your investment portfolio with ETFs instead of buying stocks individually. If there’s an area of the market that is particularly cheap, you can easily gain exposure with ETFs.

Stan Wong, portfolio manager at Scotia Wealth Management, recently mentioned these ETFs on *BNN*. In today’s market, he thinks the following ETFs could be interesting ideas for investors to consider.

A high-yield dividend ETF

In any market environment, receiving more income is always a popular theme. Investors who seek high income always exist. **iShares S&P/TSX Composite High Dividend Index ETF** (TSX:XEI) is an income ETF under **BlackRock**. The high-dividend ETF pays a monthly dividend that is convenient for income investors. At writing, it yields about 3.9%. It’s a low-cost ETF with a management expense ratio (MER) of 0.22%.

On the BlackRock page, it states that XEI is “designed to be a long-term foundational holding.” The ETF has about 76 holdings. It’s essentially an equity ETF that is 99.9% in stocks. Its top 10 holdings are **Canadian Natural Resources**, **Suncor Energy**, **Royal Bank of Canada**, **Enbridge**, **TC Energy**, **TD Bank**, **Bank of Nova Scotia**, **BCE**, **TELUS**, and **BMO**. Together, they make up just under 50% of the ETF. XEI has about $1.57 billion of net assets. According to Yahoo Finance, it has an average volume of 121,362.

A rising-rates ETF

Interest rates are expected to rise. **ProShares Equities for Rising Rates ETF** (NASDAQ:EQRR) is the first U.S. equity ETF designed to beat traditional U.S. large-cap indexes during periods of rising interest rates. It holds about 50 companies across various sectors including financials, energy, basic materials, industrials, and telecommunications that are anticipated to do well in a rising-rate environment. Notably, it has only been out since July 2017. If it makes sense for your portfolio, it can be used to complement traditional large-cap stock investments.

At writing, EQRR yields about 1.5%. It’s a low-cost ETF with a MER of 0.35%. It’s not a very popular ETF because it’s meant for holding for certain periods only (during rising interest rates), and it’s fairly new. EQRR has about US$10.7 million of net assets. According to Yahoo Finance, it has an average volume of 7,131, but its recent volume has been much higher, as investors jump on board in expectation of higher interest rates.

A European ETF

Stan Wong also likes **SPDR EURO STOXX 50 ETF** (NYSE:FEZ), stating that it is a very simple ETF that holds 50 of the largest names — all blue chips — with lots of value compared to the United States. Some of its top holdings are **ASML Holdings NV**, **LVMH Moet Hennessy Louis Vuitton SE**, **SAP SE**, **Siemens AG**, and **Sanofi**.

The fund currently yields about 2.2% and has an expense ratio of 0.29%. The ETF has been running as early as 2003. FEZ has about US$2.5 billion of net assets. According to Yahoo Finance, it has an average volume of more than 2.2 million. So, it’s a very liquid ETF.

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