



3 ETFs to Invest in for High Growth

Description

Some financial experts recommend exchange-traded funds (ETFs) to investors who want to [simplify the process](#) or gain instant diversification. The **Toronto Stock Exchange** has more than 700 ETFs with a wide range of [exposure to major asset classes](#) and sectors.

ETFs trade like stocks and are relatively inexpensive. Most are index funds that attempts to match a particular index's return every year. Since indexes gain value over time, some ETFs are excellent choices if you seek [high growth](#). Many ETF investors consider three names as the best in the lot.

Entire Canadian stock market

BlackRock is the asset manager of **iShares Core S&P/TSX Capped Composite Index ETF** ([TSX:XIC](#)). The investment objective of this ETF is to achieve long-term capital growth by replicating the performance of the **S&P/TSX Capped Composite Index**, net of expenses.

According to BlackRock, it's like investing in the entire Canadian stock market at a low cost. Likewise, the ETF is designed for long-term holding. As of January 17, 2022, net assets are around \$10.41 billion, while total holdings number 241 (asset class is 100% equities).

On exposure breakdown, financial stocks have the most significant percentage with 33.54%, followed by energy (14.48%), industrials (11.71%), and materials (11.22%). Three of XIC's top five holdings are Canadian Big 6 banks **RBC**, **TD**, and **BNS**. This ETF trades at \$34.34 per share and pays a decent 2.52% dividend for income investors.

Growth solutions

The **BMO S&P/TSX Capped Composite Index ETF** ([TSX:ZCN](#)) is for investors searching for growth solutions. The underlying index includes more than 200 top-ranked Canadian stocks, so would-be investors gain diversified exposure to approximately 95% of the country's primary equity market.

ZCN consists of stocks (99.83%) and cash & cash equivalents (0.17%). As of this writing, the number of holdings is 242. The geographic allocation is 100% Canada. This ETF's sector allocation skews toward the financials (32.22%), energy (13.02%), and industrials (11.94%) sectors.

In the last 12.63 years, this ETF rewarded investors with a respectable 175.42% (8.35% compound annual growth rate) total return. At \$28.91 per share, the \$6.51 billion fund pays a 2.81% dividend.

Top-performing ETF

Horizons S&P/TSX 60 Index ETF ([TSX:HXT](#)) has been among TSX's top-performing ETFs in the last three years. HXT's total return was 61.49% (17.2% CAGR). Horizons' investment objective is straightforward. It seeks to replicate the **S&P/TSX 60 Index's** (total return) performance.

Note that the index addresses the needs of investment managers who require a portfolio index of the large-cap market segment of the Canadian equity market. Also, the structure reflects the sector weights of the S&P/TSX Composite. Horizons ETFs Management (Canada) Inc. is the fund's investment manager.

Like XIC and ZCN, financials (36.34%) and energy (13.45%) sector stocks comprise the top two sector holdings. However, information technology (11.67%) is the third-largest sector constituent of HXT. The top holding is **Shopify** (8.1%), followed by RBC (7.83%), and TD (7.24%). As of January 17, 2022, HXT trades at \$51.87 per share (+1.99% year-to-date), while net assets stand at 3,041,962,054.

Stock market exposure in a big way

Investment managers of ETFs don't go through the laborious exercise of research and analysis when picking holdings. Since ETFs track specific indexes, they buy and sell stocks only when the underlying indexes add or remove names. If you have limited funds but want exposure to the stock market in a big way, go ETF investing.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:HXT (Horizons S&p/tsx 60 Index ETF)
2. TSX:XIC (iShares Core S&P/TSX Capped Composite Index ETF)
3. TSX:ZCN (BMO S&P/TSX Capped Composite Index ETF)

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