3 TSX ETFs to Buy and Hold for Decades

Description

There is a lot of difference between a good and a long-term investment. A *good* investment might be great as a short-term holding, maybe because it's cyclical in nature or you anticipate a spike. The crucial strength of a long-term investment is that it *should* make you more money the longer you hold it. That's true for individual stocks, mutual funds, and ETFs.

With that in mind, there are three ETFs that you might consider investing in and holding for decades.

A selective TSX index ETF

The weight of the stock market is never equally distributed. A few players on top usually carry more weight than hundreds of assets at the bottom. So investing in a fund like **iShares S&P/TSX 60 Index ETF** (TSX:XIU), made up of the top 60 securities in Canada, is quite similar to investing in a broad market index; such ETFs *may* perform slightly better without the extra weight.

The top 10 holdings of this ETF, which include four of the big five and both railway giants in the country, make up about half the weight of the ETF. And as industry leaders, their growth is more secure than smaller players, which reflects in the long-term, steady potential of this ETF.

$1,000 in the ETF 10 years ago would have grown to $2,400 by now. Imagine how much this ETF can grow your wealth if you hold a decent amount of your capital in it for three or four decades.

A dividend ETF

For dividend investors looking to start a passive income or add to their passive income portfolio, **BMO Canadian Dividend ETF** (TSX:ZDV) might be an option worth considering as a long-term holding. However, dividends are all you can reasonably expect from this ETF, and capital preservation. It did grow a lot after the 2020 market crash, but that catalyst will wear off soon, potentially resulting in a correction.

The fund carries a medium risk rating and a not-so-attractive MER of 0.39%. But it has an annualized distribution yield of 3.84% and makes monthly distributions. The ETF both grows and slashes its payouts, but it usually never goes overboard, at least not enough to completely knock off the balance of your passive income. The bulk of its value is divided into dividend giants in the banking, telecom, and energy sectors.

An aggressive equity portfolio

The **Vanguard All-Equity ETF Portfolio** (TSX:VEQT) is a great option if you have a healthy risk appetite and you wish to add serious growth to your investment portfolio. The ETF comes with a reasonable MER of 0.24%. And between 2019 and now, the ETF would have grown your $10,000 capital to over $15,000 if you had invested in it at or around its inception.

The portfolio is made up of four ETFs, of which two carry over 70% of the weight: U.S. total market and Canada all cap, healthy exposure to the two most significant North American markets. This level of diversification and the low fee makes it a perfect long-term holding, though you shouldn't rely upon the current growth pace (which is driven by post-pandemic sentiment) to continue for very long.

Foolish takeaway

The three ETFs are ideal for long-term holding for various factors: their broad market exposure, dividends, and modest fees. If you are ready to hold them for decades, they can slowly and gradually grow a sizeable nest egg for your retirement.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:VEQT (Vanguard All-Equity ETF Portfolio)
2. TSX:XIU (iShares S&P/TSX 60 Index ETF)
3. TSX:ZDV (BMO Canadian Dividend ETF)

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