1 of My Favourite ESG Funds Just Went on Sale!

**Description**

ESG isn't just a short-lived trend; it's of growing importance. I think we've come to a point where betting big on companies that value environmental impact, societal factors, and corporate governance (valuing not just shareholders but all stakeholders) is a necessity rather than a hindrance to one's potential returns.



The fact of the matter is, you don't need to invest in companies that are bad for society, are causing a substantial amount of carbon emissions, or are not treating all of their employees with the dignity and respect they rightfully deserve. In fact, a case could be made that, over the long run, firms that score top marks in ESG ratings are likelier to become more valuable over time. Indeed, young investors want to see change for the better. And it's these young investors who can push for it by speaking with every investment dollar they allocate.

## ESG matters for all investors

In this piece, we'll look at one of my favourite ESG ETFs (exchange-traded fund) that should appeal to a wider audience than just so-called socially responsible investors. The basket of Canadian businesses owns some profitable, well-run firms at reasonable multiples. And after a turbulent start to the year, the fund is fresh off a 10% correction from peak to trough.

Indeed, if you've yet to buy anything in the stock market with your latest TFSA contribution of $6,000, an ESG fund may be an intriguing way to go.

Without further ado, please consider **BMO MSCI Canada ESG Leaders Index ETF** (TSX:ESGA). Indeed, that's a mouthful, but the ESG ETF stands out to me as a compelling bargain for ultra-long-term investors — those willing to do their part to make a difference and those who want a solid return on their investment relative to the risks they'll bear.

# BMO MSCI Canada ESG Leaders Index ETF: A solid ESG fund that’s looking too cheap to ignore!

The ETF sports a dirt-cheap 0.17% MER, making it one of the cheapest equity funds outside of your garden-variety TSX 60 ETF. Versus indices that track the TSX Index, I believe the ESGA ETF comes out on top, not just because of its ESG strategy but because of the wonderful companies underneath the hood and the attractive distribution yield and above-average growth prospects.

The ETF excludes firms operating in “sin” industries, like gambling or tobacco and alcohol, as well as various other industries that are frowned upon by many. In addition, the ETF is a far greater mix of various sectors and segments than the TSX 60, which is overweight energy and financials.

While the ESGA owns many names in traditional Canadian funds, the ESGA does have an intriguing allocation that can help investors get the best of both worlds (income and appreciation). Indeed, e-commerce stud **Shopify** tops the list, making up just shy of 10% of the ETF. **CN Rail**, another wide-moat Canadian firm and the Canadian banks also contribute a meaningful part of the company. As it turns out, some of the ESG-friendliest companies in the country are also some of the most profitable and growthy. Aside from Shopify, a big chunk of the basket looks dirt cheap, with many value names holding up the fort.



Should the ESGA fall further over the coming weeks, I’ll be looking into initiating a position. For now, I’ll be watching the Canadian ETF very closely.

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