1 Dividend Aristocrat ETF I'd Buy for February 2022

Description

January 2022 was one of the worst months for markets in recent memory. Indeed, the markets got a tad frothy after going well over a year without so much as a 10% correction. Mr. Market may now have the means to move forward with the rest of the year in a somewhat more crowd-pleasing fashion, at least for value investors who've stood by the names that lost their appeal when the "sexiness" of the speculative mania took control in the early innings of 2022.

Indeed, Charlie Munger, Warren Buffett's wise right-hand man, may have found the mania in speculative growth stocks and cryptocurrencies as disgusting. And while the tech-fueled selloff may be far from over (some pundits think a bear market could be on the horizon for the tech-heavy Nasdaq 100 exchange), I think savvy investors can make money in what could be a tug-of-war between high inflation and rate hikes.

February 2022 could be choppy for growth investors!

Thus far, corporate earnings haven't been bad. But they also haven't been anything to write home about, especially versus last year. Indeed, a few firms may still have the earnings zeal to power this market higher (most notably, the tech titans atop the S&P 500), but don't expect them to bail out the unprofitable growth stocks that could still lose even more of their value going into the spring.

On this side of the border, sexy tech plays like **Shopify** have not been spared. Off around 50% from its peak, investors have soured on SHOP stock and for reasons beyond management's control. Whether or not Shopify stock is an actual bargain versus its growth is a huge question mark. The valuation is still stretched, and it could still have further to flop, given the tech downturn could easily drag on throughout the year.

My takeaway? If you can't value it, be careful and only nibble with funds you're willing to part with.

Personally, I see no reason to jump in front of the freight train that is this high-multiple tech selloff. Not when there are so many Dividend Aristocrats that are on sale. They're easier to value, and their margins of safety aren't just some mere illusions based on the euphoria of others. Don't know which to pick at this juncture? Why not take a bite out of the broader basket with a Dividend Aristocrat ETF?

Canadian Dividend Aristocrats ETF: Yes, there's a fund for that!

iShares S&P/TSX Canadian Dividend Aristocrats ETF (TSX:CDZ) is arguably the best thing since sliced bread for Canadian investors. It owns some of the highest-quality dividend growers in Canada and serves as an intriguing one-stop shop for those looking to do some buying going into what could be another rocky month.

The only knock against the ETF is its above-average MER of around 0.6%. Indeed, you'd find lower fees with vanilla index funds that track the S&P 500 or TSX Index. Heck, some such index funds go for under 0.1% MERs. What are you getting for the extra 0.5%? I'd argue a lot.

The Canadian Dividend Aristocrats were built to thrive in times like these. The TSX, while heavy in energy and financials, both of which are viewed favourably these days, could turn viciously if oil were to experience a blow-off top. Financials could also retreat should the Bank of Canada (BoC) not act with rate hikes. Indeed, the inaction by the BoC last week, I believe, showed that it'd much rather ride on the Fed's coattails than help curb skyrocketing prices. Indeed, the shocker was met with a dip in the loonie and could prove to be a mistake, as inflation runs hot.

In any case, the Canadian Dividend Aristocrats ETF looks more diversified, with dividend-growth prospects that should remain robust, regardless of what surprises 2022 holds. For that reason, the 0.6% MER is worthwhile for investors with sums under $10,000.

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