2 ETFs to Buy to Get Big Dividends

Description

Dividend ETFs can be a great option for investors that want to create a dividend portfolio for growth but don't want to deal with the hassle of managing the portfolio. The inherent diversification of the ETF and passive rebalancing offers you peace of mind, and it's not necessarily at the cost of a good yield.

If you are looking for sizeable dividends, there are two ETFs that you should look into.

A utility ETF

Utilities are a highly stable and reliable asset class. Most established utility companies have rock-solid financials and financial futures, which endorses their dividend stability. And if you wish to create a healthy, utility-focused dividend portfolio, **Harvest Equal Weight Global Utilities Income ETF** (TSX:HUTL) is a good place to start.

The fund is made up of about 33 companies, almost equally weighted (3.5% or lower), and includes companies from multiple countries with different utility businesses. Electric utilities dominate the fund's makeup and include Canadian giants like **Fortis**. But telecom companies also have a healthy representation, mostly from Canada and the U.S., but there are European companies as well.

It's currently offering a mouthwatering 7.1% yield, but the average yield is quite decent as well (4.8%). The fund offers monthly distributions and has sustained its payouts since inception. The ETF might also offer decent capital appreciation potential.

A health care ETF

In Canada, a health care-oriented ETF might not make sense, especially from a dividend perspective since the sector here is dominated by marijuana companies, almost none of which pay dividends. But a U.S.-oriented ETF like **CI Health Care Giants Covered Call ETF** (TSX:FHI) can be a smart *high* dividend investment, but not a very stable one.

The ETF pays quarterly dividends *when* it pays, which is not always. However, thanks to the generous distributions in 2021, the trailing 12-month yield of the company are quite high (7.8%). And that's when the ETF is trading at an all-time high.

Since its inception in 2018, the fund has grown about 18% in value, which is not very heartening but not bad either. It indicates that the portfolio is at least growing. The management fee is also relatively higher at 0.65%. Still, it represents healthy health care giants from the U.S., which is a basket of securities worth getting exposure to.

Foolish takeaway

When you are investing for dividends in Canada, dividend aristocrats are usually the first pick, but dividend ETFs are just as an attractive asset class. The inherent diversification and the fact that many sector-specific dividend ETFs also offer slow but long-term capital appreciation potential make them worth holding in your portfolio.

But keep in mind that many ETFs that require more "management" than others usually come with relatively higher expense ratios and plan accordingly.

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