
3 Top ETFs to Buy in February 2022

**Description**

The **S&P/TSX Composite Index** plunged 268 points on February 3. Volatility has struck North American markets in early 2022. Investors have been forced to grapple with the threat of rising interest rates, Russia-Ukraine war tensions, and the lingering impacts of the COVID-19 pandemic around the world. Fortunately, some of the top-performing exchange-traded funds (ETFs) from 2021 are still on fire to start this year. Today, I want to look at three of my favourites. Let's jump in.



## This energy ETF is still on fire in early 2022

Oil and gas prices have been scorching hot since the beginning of 2021. That has only intensified this year. Tight supply, rising geopolitical tensions, and climbing demand have all had a positive impact on this space. Moreover, soaring inflation has also jacked up prices.

Investors looking to get in on this red-hot sector should look to **Horizons S&P/TSX Capped Energy ETF** (TSX:HXE). This ETF is designed to track the performance of the broader Canadian equity energy sector. Its shares have climbed 17% in 2022 as of close on February 3. Better yet, this ETF is up nearly 110% in the year-over-year period.

The top holdings in this fund include some very familiar names. **Suncor**, **Canadian Natural Resources**, and **Cenovus Energy** round out the top three holdings. Moreover, investors will absorb a favourable MER of 0.27%. It is not too late to get in on the energy sector in early 2022.

## Here's a bank-oriented fund to target today

Profits for banks in Canada and the United States soared after a choppier 2020. Back in November, I'd looked at ETFs that offer exposure to Canada's top financial institutions. **BMO Equal Weight U.S. Banks ETF** (TSX:ZBK) offers investors the chance to track the performance of the top banks south of the border. Shares of this ETF have dropped 3.5% so far this year. However, it is up 26% from the same time in 2021.

Some of the top holdings in this ETF include **M&T Bank**, **Wells Fargo**, and **Bank of America**. Better yet, investors can also count on a quarterly distribution of $0.17 per share. That represents a modest 1.8% yield. Like Canadian banks, U.S. banks can also thrive as interest rates are set to move upward. Credit growth may tighten, but banks will see their profit margins shoot up over the long haul.

## One more promising ETF to snatch up in early February

The last ETF I want to zero in on today offers exposure to mid and small-cap equities in the United States. This is for investors who may want to take on a little extra risk for a chance at a bigger payday going forward. **Hamilton U.S. Mid Small Cap Financials ETF** (TSX:HUM) offers exposure to growth markets with merger and acquisition potential.

Shares of this ETF have dropped 5% in 2022. However, the ETF is up 23% in the year-over-year period. Some of the top holdings in this fund include **Raymond James**, **Arch Capital**, **Western Alliance**, and **Voya Financial**. It last paid out a quarterly distribution of $0.10 per share, representing a 1.3% yield.

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