



Risk-Averse Canadians: ETFs Are the New Wealth Builders

Description

Rising inflation is the usual headline these days and the major worry of Canadians. However, *BNN Bloomberg* data shows that, historically, the **Toronto Stock Exchange** climbs with inflation. However, with the prevailing uncertainties, investors should remain risk averse and find other alternatives to [build wealth](#).

[Exchange-traded funds](#) (ETFs) should do well in an inflationary period, although the choice of ETF is crucial to investing success. The primary advantage of ETF investing is that you limit your risk at the onset, because you invest in a basket with several stocks in it.

The [new wealth builders](#) or alternative investments today are **BMO Equal Weight Banks Index ETF** ([TSX:ZEB](#)), **Horizons S&P/TSX 60 Index ETF** ([TSX:HXT](#)), and **iShares Core S&P/TSX Capped Composite Index ETF** ([TSX:XIC](#)). Whether you're a newbie or experienced investor, these ETFs are attractive investments and solid additions to your portfolio.

Big Six banks

BMO Equal Weight Banks Index ETF is a superb choice, because the industry is banking, and the holdings are Canada's Big Six banks. ZEB's strategy is to replicate the Solactive Equal Weight Canada Banks Index's performance. Apart from the growth solutions and exposure to top Canadian lenders, the fund maintains equal weight in each security to lessen specific risk.

At \$42.11 per share (+8.4% year to date), the ETF pays a 2.91% dividend. Performance-wise, ZEB's total return in the last three years is a respectable 66.21% (18.4% CAGR). The trailing one-year price return is 48.03%. This ETF is also excellent for long-term hold, because it's in an industry that is a bedrock of stability.

Grade A+ ETF

Horizons S&P/TSX 60 Index ETF replicates the S&P/TSX 60 Index's performance. Horizons measures

the performance of the large-cap market segment of the Canada's equity market. HXT is a stable ETF, given its 52.65% (15.08% CAGR) in the last three years.

As of February 2, 2022, net assets stand at \$3.15 billion, while the share price is \$51.46 (+1.2% year to date). Horizons ETFs Management (Canada) announced last month that its family of ETFs, including HXT, received a Fundata FundGrade A+ Awards.

Steve Hawkins, Horizon ETF's president and CEO, said, "As our list of ETFs with established track records continues to grow, they are earning an increasing amount of recognition for excellence in their respective Fundata categories, and we hope this trend will continue." HXT belongs to the Canadian Equity category.

Long-term core holding

Would-be investors in BlackRock's iShares Core S&P/TSX Capped Composite Index can practically own the entire Canadian stock market at low cost. XIC's investment objective is to achieve long-term capital growth by replicating the S&P/TSX Capped Composite Index's performance.

Currently, this ETF has 241 holdings with the exposure leaning more towards the financial (33.63%) and energy (15.01%) sectors. The top holdings with at least 4% weight are **Royal Bank of Canada**, **Toronto Dominion Bank**, and **Shopify**. Like ZEB and HXT, XIC has a respectable performance in the last three years (+49.41%/14.28% CAGR).

If you invest today, the share price is \$34.03, while the dividend yield is 2.43%. Given the portfolio's characteristics, BlackRock says this ETF is an ideal long-term core holding.

Gaining ground

ETFs are gaining ground and attracting risk-averse investors. The names in focus are among the best choices if you want to limit the risks through diversification.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:HXT (Horizons S&p/tsx 60 Index ETF)
2. TSX:XIC (iShares Core S&P/TSX Capped Composite Index ETF)
3. TSX:ZEB (BMO Equal Weight Banks Index ETF)

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