2 ETFs to Double Your Capital in Less Than a Decade

Description

Having realistic expectations for the assets you are investing in is crucial. While you can expect the volatile **Bitcoin** to grow your capital by as much as 10-fold in the next spike (or over a long-term holding period), expecting the same level of growth from a mature, steady business (like utilities) can be a bit unrealistic.

And when it comes to large baskets of assets like ETFs that offer exposure to the broad market as a whole or a segment of the broader market, your expectation should become even more "paced." And a 100% growth in a decade, which might seem slow for most growth assets, can be considered quite decent when it comes to most ETFs.

A NASDAQ ETF

If you consider how much weight of the total sector the top 100 companies in the NASDAQ carry, it's easy to see how they are the trendsetter for the entire NASDAQ market (for the most part). If the top 100 go down, the market as a whole would, so getting exposure to them is quite close to following broader NASDAQ indexes.

That's what you get to do with **iShares NASDAQ 100 Index ETF** (TSX:XQQ). The ETF, created and operated by Blackrock, has been faithfully following the benchmark with less than 1% discrepancy and has sustained a 10-year average return of about 19.8%. At this rate, the ETF can double your capital in fewer than six years, assuming it can maintain this pace.

The fund has a stellar MSCI ESG rating, which also makes it a good buy from a responsible investing perspective. Despite its "tech-heavy" nature, thanks to the basket of securities it's following, the ETF carries a medium risk rating, making it quite safe for investors with relatively conservative risk appetites. The MER of 0.35% also adds to the fund's attractiveness.

A water-oriented ETF

If you believe that with the growing population, access to freshwater would become the next most coveted asset class around the globe, then **iShares Global Water Index ETF** (TSX:CWW) might be the perfect holding for you. But even if you don't have any opinions or strong ideas about the economy of water, the growth potential of this ETF makes it an asset worth considering.

The ETF's 10-year returns have been quite spectacular — about 299% — and even its five-year return history indicates that it might be able to double your capital in less than a decade (possibly six years or so). It's made up of some of the largest water utility and industrial companies around the globe (50 of them), and over 50% of the fund's "weight" comes from U.S. companies.

Foolish takeaway

Considering the performance of the two ETFs in the last decade, it's quite easy to deduce that even if the funds fail to live up to the past performance, they are still highly likely to double your capital in under 10 years with ease. And unlike growth stocks, the two ETFs carry minimal risk: one follows the meat of a broad (and successful) index, and the other is mostly made up of stable water utility companies.

CATEGORY

1. Dividend Stocks
2. Investing

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2. TSX:XQQ (iShares NASDAQ 100 Index ETF (CAD-Hedged))

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