



## Tired of Stock Picking? Replace Your Entire Portfolio With Just One ETF

### Description

I'm a big advocate of passive investing using [exchange-traded funds \(ETFs\)](#), especially those that track broad market [stock indexes](#). There is ample evidence out there that shows [holding a low-cost, globally diversified stock portfolio will beat the majority of stock pickers and day traders](#).

The lesson here is to keep your investing simple. My previous go-to advice was to [purchase a global ex-Canada ETF and pair it with a Canadian equity ETF](#) at ratios of anywhere from 90/10 to 70/30. That cuts our required holdings down to just two ETFs, which is quite simple.

However, fund providers like **Blackrock** have come out with some excellent "asset allocation" ETFs that make the job even simpler. By buying and holding just one ETF, you'll have a stock portfolio that matches the market return for a low fee and minimal effort. Let's take a look at my ETF of choice from their lineup.

### The all-in-one equity portfolio

**iShares Core Equity ETF Portfolio** ([TSX:XEQT](#)) is possibly one of the best 100% equity ETFs available to Canadian investors. For a low management expense ratio (MER) of 0.20%, you get instant exposure to 9,593 stocks covering the entire world's investable market.

With XEQT, you never have to try and time which stocks will do well, which market cap will gain more, which sector will outperform, or which country will pull ahead. XEQT is incredibly diversified in multiple aspects:

1. XEQT holds roughly 80% large-cap, 12% medium-cap, and 8% small-cap stocks.
2. XEQT allocates its holdings 45% U.S., 25% Canadian, 25% developed, and 5% emerging markets.
3. XEQT has its largest holdings in technology and financials, with the rest split among industrials, consumer discretionary, health care, energy, materials, consumer staples, utilities, telecoms, and real estate.

The top 10 holdings of XEQT includes top Canadian and U.S. stocks like **Apple, Microsoft, Shopify, Royal Bank, Toronto-Dominion Bank, Amazon, Bank of Nova Scotia, Brookfield Asset Management, Enbridge**, and **Canadian National Railway**.

Currently, XEQT has annual dividend yield of 2.29%, paid on a quarterly basis. The ETF has accumulated assets under management of \$994 million and is expected to grow more moving forward.

## Why choose XEQT?

XEQT is attractive versus a traditional two-ETF portfolio due to its built-in annual rebalancing. This is when the fund managers sell stocks that outperformed, and buy ones that underperformed to maintain the targeted asset allocation.

Rebalancing ensures that no single stock, sector, or country dominates the ETF. It also helps you sell high and buy low, by trimming stocks that outperformed and buying those that underperformed, which boosts returns slightly over time.

The 25% Canadian home bias might seem like a lot, given that Canada only comprises 3% of the world's stock market. However, research shows that an overweight to Canadian stocks has several advantages for Canadian investors, including lower foreign withholding tax, volatility, and currency risk.

## The Foolish takeaway

Investing should be boring and hands off. The less you tinker with and try to "optimize" your portfolio, the better it will do. When it comes to simplicity, XEQT is as good as it gets.

For a MER less than a quarter of what typical mutual funds charge, you get instant diversification via thousands of global stocks, with no rebalancing required.

Buying XEQT consistently and reinvesting the dividends will allow you to match the market in the long run and beat most retail investors!

### CATEGORY

1. Investing
2. Stocks for Beginners

### TICKERS GLOBAL

1. TSX:XEQT (iShares Core Equity ETF Portfolio)

### PARTNER-FEEDS

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2. Koyfin
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tdong

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