



Unbelievable: 3 ETFs With Double-Digit Dividends!

Description

Passive-income investors in Canada have plenty of options. The dividends from energy, banking, and telecommunications are robust enough to live on. But what if you're looking for an enhanced alternative?

If you've got an appetite for risk in exchange for niche income opportunities, here are some of the top exchange-traded funds (ETFs) that can deliver double-digit dividend yields.

Bitcoin yield ETF

Purpose Bitcoin Yield ETF ([TSX:BTCY.B](#)) is one of the most intriguing funds on the market. As the name suggests, the fund holds **Bitcoin** in reserve. Each unit of the ETF is backed by BTC worth US\$7.2, or CA\$9.2. The fund's performance is closely correlated with the market price of BTC.

However, it also offers a dividend. In fact, the dividend yield based on its latest distribution is a *jaw-dropping 12.8%*.

How is this possible? Well, the team uses a strategy known as covered calls. They write call options on a portion of their Bitcoin holdings and sell it to traders on the stock market. In exchange, they collect a premium that is paid out to shareholders in the form of a dividend.

Since Bitcoin is so volatile and options are so rare, these premiums are incredibly lucrative. That's how Purpose Bitcoin Yield ETF can offer a double-digit yield.

Ethereum yield ETF

Purpose has another dividend fund focused on Bitcoin's rival **Ethereum**. **Purpose Ethereum Yield ETF** ([TSX:ETHY.B](#)) offers an incredible [21% dividend yield](#).

This fund uses the same covered-call strategy to extract a yield. However, Ethereum is even more

volatile than Bitcoin, which makes these options rarer and more valuable. The double-digit yield is a clear signal of the strategy's success.

Investors should also consider capital appreciation. Ethereum is a smaller asset with much more room to grow. At the time of writing, Ethereum's circulating supply is worth US\$372 billion, or CA\$473 billion. Meanwhile its target market – smart contracts, decentralized finance, non-fungible tokens, and private credit — are all worth trillions.

If you're looking for the ultimate dividend and growth opportunity, this ETF could be an ideal pick.

Horizons Enhanced Income Energy ETF

Bitcoin and Ethereum are new asset classes, but the covered-call strategy is decades old. It's traditionally used for commodities such as gold and oil. This is why an ETF focused on covered calls in the energy sector could be a good fit for any passive-income investor.

Horizons Enhanced Income Energy ETF (TSX:HEE) offers exposure here. The fund invests in Canada's most efficient oil and gas producers. Many of these underlying firms offer dividend rates that are far higher than the stock market average. To enhance the yield further, the team writes call options to collect premiums.

While the trailing yield is just 4.3%, recent distributions have picked up because of rising oil prices. Some analysts believe the world faces an energy crunch in 2022. Crude oil could shoot past [\\$100 a barrel](#), while natural gas reaches historic highs. Based on that, dividends from the energy sector could be far higher in the year ahead.

According to the Horizon's website, the annualized expected yield of the ETF is just over 9% right now. The yield could approach double digits if the price of oil and gas continues to climb.

CATEGORY

1. Dividend Stocks
2. Investing

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