



## 2 ETFs to Invest in Other Than a Portfolio of Metaverse Stocks

### Description

Digital commerce is growing at a rapid pace in the 21st century, including the crypto-based economy. North America's first **Bitcoin exchange-traded fund** (ETF), **Purpose Bitcoin ETF**, celebrated its first anniversary on the TSX recently. Its IPO in February 2021 was a huge success as the provider collected \$421.8 million in assets under management (AUM) in just two days.

On November 29, 2021, Canada launched its first metaverse ETF. Metaverse is a network where digital experiences converge. It's in its infancy stage, although proponents predict the metaverse will become the next internet. People can work, play, buy, sell, and socialize in virtual reality (VR) and augmented-reality (AR) environments.

The entry of more VR developers and content creators into the 3D virtual worlds could spawn a bustling economy. On the investment front, **Evolve Metaverse ETF** ([TSX:MESH](#)) is an alternative exposure to the digital space besides cryptocurrencies. However, it hasn't gained momentum since its launch on November 29, 2021.

For risk-averse investors wanting instant diversification, **BMO S&P/TSX Capped Composite Index ETF** ([TSX:ZCN](#)) and **iShares Canadian Select Dividend Index ETF** ([TSX:XDV](#)) are better and profitable options. Read on to compare the investment objectives of the ETFs.

### Metaverse developers

MESH seeks to provide unitholders with long-term capital appreciation by actively investing in a diversified mix of international equities. The portfolio consists of stocks from the U.S., China, Japan, Singapore, and Taiwan with zero representation from Canada.

The 25 holdings are companies involved in the development of the metaverse. However, at its current share price of \$7.62, the ETF is down 25% year-to-date. **Activision Blizzard** and **Tencent** are the top two holding of MESH. Raj Lala, president and CEO of Evolve ETFs said during the IPO, "The metaverse will take us from simply interacting online to fully immersing within the digital world."

## Dividend-paying ETFs

Apart from their medium risk ratings, BMO's ZCN and BlackRock's XDV are [dividend payers](#), so investors can expect growth and recurring income streams. The former pays a 2.62% dividend, while the latter has a yield of 3.9%.

The portfolio strategy of ZCN is to replicate the **S&P/TSX Capped Composite Index's** performance. The ETF invests in and holds the constituent securities of the said index. Each stock must pass minimum float-adjusted and liquidity screens to qualify and maintain membership in the index.

As of this writing, the basket holds top-ranked Canadian stocks (241 total) led by the **Royal Bank of Canada** and **Toronto Dominion Bank**. The financials (33.62%) and energy (14.94%) sectors have the highest percentage weights.

XDV's seeks to provide long-term capital growth by replicating the **Dow Jones Canada Select Dividend Index's** performance. The ETF is consistently on lists of [the best dividend ETFs in Canada](#). At \$31.41 per share, would-be investors gain diversified exposure to highest-yielding Canadian companies.

The fund's exposure leans more on the financials (56.24%), communications (11.60%), and utility (10.78%) sectors. **CIBC** and **BMO** are the fund's top two holdings.

ZDN and XDV have three common denominators, namely geographic allocation (100% Canadian assets), zero exposure to the technology sector, and dividend payments.

## Risky asset

The [metaverse](#) could be decades away before it joins the mainstream, but it isn't science fiction anymore. However, if you're investing in ETFs today to mitigate or spread market risks, stay clear of MESH for now.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. TSX:MESH (Evolve Metaverse ETF)
2. TSX:XDV (iShares Canadian Select Dividend Index ETF)
3. TSX:ZCN (BMO S&P/TSX Capped Composite Index ETF)

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