



3 Vanguard ETFs to Buy in 2022

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 and boring. If you want excitement, go to the casino. While stock picking can be fun, it is also time consuming, stressful, and prone to underperformance. When it comes to a long-term, buy-and-hold mentality, using ETFs is an excellent way to invest for retirement.

Today, I'll be reviewing three great, low-cost ETFs from **Vanguard**, covering the worldwide, U.S., and Canadian stock markets, respectively.

Worldwide diversification

Vanguard All-Equity ETF Portfolio ([TSX:VEQT](#)) is possibly one of the best 100% equity ETFs available to Canadian investors, granting instant exposure to over 13,526 stocks and covering the entire world's investable market.

With VEQT, you never have to try and determine which stocks will do well, which market cap will gain more, which sector will outperform, or which country will pull ahead. It holds large-, medium-, and small-cap stocks from every sector and nearly every country around the world.

Currently, VEQT also pays an annual dividend yield of 1.40% and has assets under management (AUM) of \$1.78 billion. The fund costs a management expense ratio (MER) of 0.24% to hold, which is extremely affordable for an all-in-one ETF portfolio that re-balances itself.

Betting on the U.S.

Investors bullish on the U.S. stock market can buy **Vanguard S&P 500 Index ETF** ([TSX:VFV](#)). VFV is

the top Canadian ETF for tracking the S&P 500, with \$6.5 billion AUM and a high volume traded daily.

Currently, the fund holds 512 U.S. stocks, with the largest concentration in information technology, followed by consumer discretionary, healthcare, financials, communications, industrials, consumer staples, energy, real estate, materials, and utilities.

Being a Canadian-domiciled U.S. ETF, VFV is not currency hedged, meaning that its value can and will fluctuate based on the CAD-USD exchange rate. VFV costs a low MER of 0.08% to hold, which makes it one of the most affordable ETFs for U.S. equity exposure for Canadian investors out there.

Betting on Canada

Investors looking to track the broad Canadian stock market can do so with **Vanguard FTSE Canada All Cap Index ETF** ([TSX:VCN](#)). VCN holds 182 large-, mid-, and small-cap stocks, with concentrations in the financial and energy sectors.

Currently, VCN costs a MER of just 0.05% to hold, which is extremely cheap and as affordable as it gets for Canadian investors. The 12-month dividend yield stands at a decent 2.50%.

Overweighting VCN in your portfolio (called a home-country bias) can have many benefits for Canadian investors, including lower volatility, reduced currency risk, and better tax efficiency.

The Foolish takeaway

You can't go wrong with either of these three ETFs. Consistently buying, reinvesting dividends, and holding them for the long term will set you up for a six-figure retirement nicely. Vanguard has done a fantastic job of keeping fees low and holdings diversified for investors.

CATEGORY

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1. TSX:VCN (Vanguard FTSE Canada All Cap Index ETF)
2. TSX:VEQT (Vanguard All-Equity ETF Portfolio)
3. TSX:VFV (Vanguard S&P 500 Index ETF)

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