3 ETFs for a Solid Retirement Portfolio in 3 Decades

Description

One of the best ways to build a retirement portfolio with a hands-off approach is to invest in stable and well-diversified ETFs that you can buy and hold for decades. And if you can hold some of them for three decades or more, you may be able to grow your retirement portfolio to a decent enough size.

An S&P 500 ETF

If you are looking for a classic broad-spectrum basked of assets, **BMO S&P 500 Hedged to CAD Index ETF** (TSX:ZUE) should be one of the first ETFs to consider. It offers you exposure to one of the most widely invested-in the groups of securities in the world, carries a medium risk rating thanks to its diversification, and comes with a minimal MER of 0.09%.

The ETF follows the underlying index quite faithfully, and in the last 10 years, the annualized performance has deviated only by about 0.53%. And if you had invested $100,000 in the ETF a decade ago, you would have grown it to over $340,000 by now. And if it continues to grow at its current pace, you could have grown the initial capital to about a million in three decades.

A dividend leaders ETF

The **RBC Quant US Dividend Leaders ETF** (TSX:RUD) offers you exposure to about 160 U.S. companies. A sizeable portion of the overall weight (over 17%) of the ETF is allotted to just two companies, **Microsoft** and **Apple**, but the rest of distribution is quite even. Since it's not an index ETF and requires a bit more "management," it carries a relatively higher MER of 0.43%.

But as a dividend-oriented ETF, it comes with an additional return channel. The yield is currently about 2.2%, and the distributions are made monthly. However, the growth potential of the ETF is also quite formidable. $10,000 in the fund five years ago would be worth over $17,000 now, which is quite similar to the growth potential of the S&P ETF, making it a millionaire-maker fund with the right amount of capital and three decades.

A TSX tech sector ETF

If you are looking for Canadian market exposure, the broad-market approach might fall short quite significantly compared to the U.S.-based ETF. But the **iShares S&P/TSX Capped Information Tech Index ETF** (TSX:XIT) offers growth potential that slightly exceeds that of the other two ETFs. If you had invested $10,000 in this fund a decade ago, you would be sitting on about $67,000.

At this rate, the ETF is capable of making you a millionaire with $100,000 invested in under two decades. So even though the underlying sector is relatively more volatile in nature and focused exposure to one sector may not be smart from a diversification perspective, the slightly higher risk is well worth it for the additional growth power it will add to your portfolio.

Foolish takeaway

If the three ETFs maintain the return potential they have shown in the last decade for the next three decades, and you have $300,000 to invest, you *can* potentially grow your retirement portfolio to well over $3 million in three decades. And the chances of these broad-spectrum ETFs underperforming in the future are far lower than any individual growth stocks'.

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Date
2025/07/21
Date Created
2022/03/27
Author
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