



No Time to Invest? Buy Any of These 3 Vanguard ETF Portfolios to Be Set for Life

Description

Active stock picking can be time consuming, stressful, and prone to dismal results. For the average investor, there is ample evidence that [passive investing](#) using a variety of [exchange-traded funds \(ETFs\)](#) following major stock market indexes is the way to go. This approach requires little time, knowledge, or effort.

As the former founder of **Vanguard** John “Jack” Bogle would say: “Don’t look for the needle in the haystack — just buy the haystack itself!” Thankfully, Canadian investors have access to a variety of asset-allocation ETFs to use as a one-stop shop for their investment portfolios. Let’s take a look at my top picks!

The 100% stock option

Young investors with a high risk tolerance and long time horizon can consider investing in a 100% stock portfolio, especially given how bonds are expected to suffer in a rising interest rate environment. If this sounds like you, the best ETF to buy might be **Vanguard All-Equity ETF Portfolio** ([TSX:VEQT](#)).

VEQT grants instant exposure to over 13,526 stocks, covering the entire world’s investable market. The stocks in the ETF are divided roughly 40% in the U.S., 30% in Canada, 20% in international developed, and 10% in international emerging markets. Buying VEQT will ensure you match the market’s average return over time.

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 rebalances itself.

The 80/20 stock/bond option

Investors with a medium risk tolerance and time horizon (such as those in their 40s) should consider a portfolio with a heavier allocation to fixed income. To achieve this, you can buy **Vanguard All-Equity Growth Portfolio**

[\(TSX:VGRO\)](#).

VGRO holds the same stocks as VEQT does but also includes a 20% allocation to investment-grade government and corporate bonds from around the world. The addition of a bond ETF will help lower volatility and reduce drawdowns. Holding VGRO will also cost you an MER of 0.24%, or \$24 per \$10,000 invested.

The 60/40 stock/bond option

Finally, investors with a lower risk tolerance and a shorter time horizon (such as those in their 50s) should consider adopting a more balanced portfolio utilizing a higher fixed-income allocation.

Vanguard Balanced ETF Portfolio [\(TSX:VBAL\)](#) fits that role well.

VBAL holds the exact same stocks and bonds as VGRO, but with a more balance allocation of 60/40 stocks/bonds. The 60/40 portfolio is regarded as the optimal blend of risk and return, making it highly suitable for a long-term hold in your retirement account. Like VEQT and VGRO, VBAL costs an MER of 0.24%.

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. For new investors, it’s very hard to beat Vanguard’s asset-allocation ETFs. There’s no research required and no second-guessing. You are literally investing in the world stock market, which is as safe as it gets.

For an 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 VEQT, VGRO, or VBAL consistently and reinvesting the dividends will allow you to match the market in the long run and beat most retail investors!

CATEGORY

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1. TSX:VBAL (Vanguard Balanced ETF Portfolio)
2. TSX:VEQT (Vanguard All-Equity ETF Portfolio)
3. TSX:VGRO (Vanguard Growth ETF Portfolio)

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