



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

Description

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

Thankfully, Canadian investors have access to a variety of asset-allocation ETFs to use as a one-stop shop for their investment portfolios. These ETFs provide a set of all-in-one investment portfolios that anyone can buy with just a single ticker. Let's take a look at my top picks from **BMO Global Asset Management!**

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 today's rising interest rate environment. If this sounds like you, the best ETF to buy might be **BMO All-Equity ETF** ([TSX:ZEQT](#)).

ZEQT grants instant exposure to thousands of stocks covering the entire world's investable market. The stocks in the ETF are divided roughly 46% in the U.S., 26% in Canada, 20% in international developed markets, and 8% in international emerging markets. Buying ZEQT will ensure you match the market's average return over time. It also re-balances itself quarterly, saving you time and trading fees.

Currently, ZEQT also pays an annual dividend yield of 2.19% and has assets under management (AUM) of \$7.02 million, which is small but expected to grow quickly. The fund costs a management expense ratio (MER) of 0.20% to hold, which is extremely affordable for an all-in-one ETF portfolio.

The 80/20% stock/bond option

Investors with a medium-high risk tolerance and time horizon (such as those in their 40s) should consider a portfolio with a heavier allocation to fixed income to reduce volatility and drawdowns. To

achieve this, you could buy **BMO Growth ETF** ([TSX:ZGRO](#)).

ZGRO holds the same stocks as ZEQT but also includes a 20% allocation to investment-grade Canadian & U.S. government and corporate bonds. The addition of a bond ETF will help lower volatility and reduce draw downs. Holding ZGRO will also cost you an MER of 0.20%, or \$20 per \$10,000 invested.

The 60/40% stock/bond option

Finally, investors with a low-medium risk tolerance and a shorter time horizon (such as those in their 50s) should consider adopting a more balanced portfolio, with a higher fixed-income allocation for even more protection. **BMO Balanced ETF** ([TSX:ZBAL](#)) fits that role well.

ZBAL holds the exact same stocks and bonds as ZGRO but with 40% bonds. The 60/40 portfolio is regarded as the optimal blend of risk and return, making it highly suitable for a long-term holding in your retirement account. Like ZEQT and ZGRO, ZBAL also costs an MER of 0.20%.

The Foolish takeaway

For new investors, it's very hard to beat BMO'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. Without these ETFs, it would be impossible for the average investor to buy and manage a massive portfolio.

For an MER less than a quarter of what typical mutual funds charge, you get instant diversification via thousands of global stocks and bonds, with no rebalancing required. Buying ZEQT, ZGRO, or ZBAL 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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TICKERS GLOBAL

1. TSX:ZBAL (Bmo Mutual Funds - Bmo Balanced ETF Portfolio)
2. TSX:ZEQT (BMO All-Equity ETF)
3. TSX:ZGRO (BMO Growth ETF Portfolio)

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