Tired of Stock Picking? 3 BMO ETFs to Buy in 2022 With Zero Effort

Description

I'm a big advocate of passive investing using exchange-trade 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 **BMO Global Asset Management**, covering the worldwide, U.S., and Canadian stock markets.

Worldwide diversification

BMO All-Equity ETF (TSX:ZEQT) is possibly one of the best 100% equity ETFs available to Canadian investors. Buying ZEQT gives you instant exposure to thousands of globally diversified stocks covering the entire world's investable market.

With ZEQT, you never have to try and time 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, ZEQT also pays an annual dividend yield of 2.19% and has assets under management (AUM) of $7.02 million, which is 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 that re-balances itself.

Betting on the U.S.

Investors bullish on the U.S. stock market can buy **BMO S&P 500 Index ETF** (TSX:ZSP). ZSP is the top Canadian ETF for tracking the S&P 500, with $10.79 billion AUM and a high volume traded daily.

Currently, the fund holds 512 U.S. stocks directly, 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, ZSP is not currency hedged, meaning that its value can and will fluctuate based on the CAD-USD exchange rate. ZSP costs a low MER of 0.09% 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 **BMO S&P/TSX Capped Composite Index ETF** (TSX:ZCN). ZCN holds over 200 large-, mid-, and small-cap domestic stocks, with concentrations in the financial and energy sectors.

Currently, ZCN costs a MER of just 0.06% to hold, which is extremely cheap and as affordable as it gets for Canadian investors. The 12-month dividend yield stands at a decent 2.86% and is very tax efficient due to the preferential treatment of qualified Canadian dividends.

Overweighting ZCN 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. **Vanguard** recommends being overweight anywhere from 20% to 30% in Canadian equities.

The Foolish takeaway

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

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