3 Set-it-and-Forget-it ETFs to Buy

Description

Most ETFs are the buy-and-forget kind of investment by default, thanks to their inherent diversification. But there are ETFs that are long-term holdings thanks mostly to their return potential. If an asset is growing in value at a decent and predictable pace, then its growth essentially becomes a function of time — i.e., the more there is, the better.

A dividend ETF

Dynamic Active Global Dividend ETF (TSX:DXG) is quite U.S.-heavy for an ETF that claims to be global. About 70% of its holdings are based in the U.S., while none are in Canada.

The basket of securities this ETF follows is also not quite huge. There are just 26 holdings, 10 of which make up almost half the weight. However, a nice change of pace is that the top three holdings are non-U.S. — i.e., Japan, the U.K., and Switzerland, respectively.

The medium rating is balanced out by the exceptionally high MER of 0.81%, especially for an ETF. The distributions are annual, which is somewhat discontent with most dividend ETFs. However, one area where it makes up for its weaknesses is its capital-appreciation potential.

In the last five years, the fund has appreciated over 112% in value, and if you count the best-case scenario, the growth was as high as 150%. So, an ETF that can double your money twice in a decade *can* be an excellent holding, even with a high MER.

A Dividend Aristocrat ETF

For investors looking for something closer to home and more dividend leaning, **iShares S&P/TSX Canadian Dividend Aristocrats Index ETF** (TSX:CDZ) is a compelling option.

It follows the Dividend Aristocrat index, which is currently made up of 94 holdings and makes monthly distributions. Its 12-month trailing yield is about 3.11%, and it recently grew its payout.

Since it's made up of Canadian aristocrats, the financial and the energy sector are most heavily represented. The fund carries a medium-risk rating, which is understandable considering its spread and diversification.

As for the performance of the fund, if you had invested $10,000 in it 10 years ago, your total gains (including dividends) would be over $20,000 by now. However, the appreciation alone would be just around 52%.

Another Canadian ETF

Another ETF that focuses on Canadian securities is **CI Morningstar Can Momentum Index ETF** (TSX:WXM). The index is made up of some of the most liquid Canadian securities and is incredibly growth oriented.

The top holding is currently **BRP**, and half of the ETF's weight is made up of the top 15 holdings, which include consistent growers like **Constellation Software**.

Even though it comes with a relatively high MER (0.66%), it seems justified by the fund's performance, which appreciated about 66% in the last five years alone.

And the annualized performance for the last decade has been about 11.4%, so even if you take out the MER, the fund will still grow your capital at over 10% a year.

Foolish takeaway

When looking for exchange-traded funds that you can hold long term, both performance and MER are essential aspects to look into. And the performance should include both the capital appreciation and the distributions it made over the years.

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