Canadians: Now Is a Great Time to Invest in These Funds!

Description

I don't know if you've noticed, but the Canadian stock market has dipped about 8% from its high. For the stock market to return to this height, it'll take price appreciation of 9%. The average long-term market returns are only about 7% per year. Therefore, it's a great time to buy the dip in funds. Funds like exchange-traded funds (ETFs) provide immediate diversification, which is a simple way to invest in the market.

Invest in the Canadian stock market

To invest in the Canadian stock market, you can consider an ETF like **iShares S&P/TSX 60 Index ETF** (TSX:XIU). The Canadian ETF was one of the first ETFs in the world that began trading in 1990. Unsurprisingly, it's also one of the largest and most liquid ETFs in Canada with a net asset value of about $12.6 billion.

The XIU ETF provides exposure to large and established Canadian companies. It consists of about 60 holdings. The top 10 holdings include the Big Four Canadian bank stocks, two large railway companies, **Enbridge**, **Canadian Natural Resources**, **Brookfield Asset Management**, and **Nutrien**. XIU yields about 2.7% at the recent quotation of about $31 per unit. Importantly, its management expense ratio is very cheap at 0.18%.

In summary, the XIU ETF is perfect for investors who want to invest passively for the long term. They can average into a position over time and benefit from the long-term growth of the stock market. Alternatively, they can aim to time the market by buying on dips, such as the one we're experiencing now. Keep in mind that time in the market also matters.

Buy this Canadian financials ETF

The Canadian banks are a good gauge of the Canadian economic health. One good way to gain exposure to the Canadian bank stocks are through **iShares S&P/TSX Capped Financials Index ETF** (TSX:XFN) ETF.

The financials ETF also provides exposure to other areas of the financials sector, including three large-cap insurance companies like **Sun Life** and **Intact Financial** as well as asset manager Brookfield Asset Management. The ETF has 10 holdings in total, having almost half of its exposure in the Big Three Canadian bank stocks, which are its largest holdings, and close to 65% in the Big Five Canadian bank stocks.

Because all its holdings pay dividends with the banks especially paying decent, stable dividends, the ETF provides a competitive yield of close to 3.4%. The XFN ETF's management expense ratio is 0.61%, which is reasonable.

In summary, the XFN ETF is a simple way for investors to gain exposure to the Canadian financial services sector. The ETF has corrected about 15% from its 52-week high and trades near its 52-week low. So, it's a great time to consider investing in this fund.

Other ETFs

ETFs are a convenient way to invest. The two ETFs discussed are focused on Canadian businesses. Investors should also consider investing in ETFs that provide exposure to sectors like healthcare, technology, consumer cyclical, and industrials. You can furthermore gain exposure to other geographies in the world via ETFs.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:XFN (iShares S&P/TSX Capped Financials Index ETF)
2. TSX:XIU (iShares S&P/TSX 60 Index ETF)

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