Nervous Investors: Buy the BMO Canadian Banks ETF During This Recovery!

Description

It's been seven months — seven *long* months — of the **TSX** falling from the highs of last November. Sure, we saw some rebounds during that time, but as of March 29, the market has been in a free fall — that is, until last week.

News that a market correction was official turned investor sentiment positive. After the TSX fell 10.8% from March 29, shares started to turn around. And what's more, it hasn't stopped yet.

While this doesn't mean another fall won't come, it does mean there is a good reason to buy at these levels. But what if you're a nervous investor? Don't worry; I have the stock for you.

Buy the Big Six

The Big Six banks have historically come out of recessions, economic downturns, market correction, even the pandemic to pre-fall levels within a year. That's why they've long been touted as some of the best buys on the TSX, whether you're a nervous investor or not.

But instead of buying them all separately, you can pick up an exchange-traded fund (ETF) that focuses on them all. And right now, **BMO Covered Call Canadian Banks ETF** (TSX:ZWB) looks like a strong option.

The ETF seeks to replicate the performance of the Big Six banks by investing in them all. However, it adds some more returns by offering call options. Plus, you also get in on the banks' dividend yields. The ETF currently yields at 5.31% as of writing.

Why this ETF?

There are a lot of ETFs out there. There are even tonnes offered by this bank in particular. But the reason I like ZWB is because it offers a high dividend yield, while also offering stable returns by investing in the Big Six banks. But the covered call option does allow for slightly more returns than just investing in a Big Six bank ETF.

You may wonder as a nervous investor whether investing solely in the Big Six banks is a good idea. But remember, the banks also invest in other sectors as well. Their sole goal is to make money. And that's good for you.

Historically, the banks continue to perform well again and again. And that's over the last decade. Meanwhile, other sectors can't boast the same, especially sectors like energy and utilities, where there has been a major shift.

Value on value

Now, you can pick up ZWB ETF while it's on the rebound, but also while it's still of value. Shares are down 5.4% year to date and almost 10% since March 29, when things went south. Yet that's starting to change, with shares up 2% in the last week, like many other companies on the TSX today.

So, now is a great time to lock in a dividend yield of 5.31%, get in on shares while they're still down and look forward to more growth upwards. Again, even if there is another fall, overall, you'll see your shares rebound to pre-fall prices of around $23.50. That's an upside of 16% as of writing!

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