2 ETF Bargains You Shouldn't Miss in 2022

Description

Nowadays, the ETFs vs. index fund debate is almost moot, since many ETFs *do* track different indices. The benefit is that investors get to trade funds like stocks and only suffer through a relatively minimal fee. So, index ETFs have become popular and are often an excellent long-term choice for most conservative investors, thanks mainly to the diversified nature of the underlying basket of assets.

However, many broad market indices have one inherent weakness, and it's that they are not as often discounted as individual stocks usually are. And even when they are, the discount magnitude is comparatively paltry. So, whenever you have the chance to buy such ETFs at a bargain price, take it. Two bargains should be on your radar right now.

An S&P 500 ETF

The U.S. markets are down right now, and it's reflected in some of the most popular global indexes like the S&P 500 and the funds and ETFs that follow them. This can be seen in the 14.4% fall of the **Invesco S&P 500 Equal Weight Index ETF** (TSX:EQL).

As the name suggests, the ETF follows a blend of 500 almost equally weighted companies from the S&P 500, so the performance doesn't skew towards a specific asset or group of assets.

The fund comes at an MER of 0.26%, which is near the lower end, though it could still be lower. The fund is not that old, and if you had bought it at inception (May 2018), you would have grown your $10,000 investment to over $15,900 by now. That's more growth than most linear growth stocks tend to offer, especially in the time frame.

It also makes distributions through the yield, even with the current decline, which is about 1.58%.

A NASDAQ ETF

The NASDAQ has been falling much harder than the S&P 500, and thanks to its sharp decline, ETFs like **BMO NASDAQ 100 Equity Hedged to CAD Index ETF** (TSX:ZQQ) have become an even more enticing bargain. The fund is currently trading at a 29% discount from its Nov. 2021 peak.

It's not a very attractive buy if you make an apple-to-apple comparison to the other ETF regarding its fees and distribution yield. The NASDAQ ETF falls short by a significant margin. Not only does it come with a relatively high 0.35% MER, but it also makes an annual distribution, and the yield is paltry (0.18%).

However, the fund shines when it comes to performance. If you had invested just $5,000 in the ETF five years ago, you would have made about $10,100 by selling now, after the current fall. The growth till the peak would have been over $13,900.

Foolish takeaway

The two ETFs are safe and healthy long-term investments. They are also currently quite heavily discounted, and the bargain will only become better if a recession hits the U.S. economy. It would be a smart idea to keep an eye on the two ETFs and buy when it's clear that the funds have hit rock bottom and are on their way to recovery.

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