3 ETFs to Buy Now and Hold for Decades

Description

One of the easiest ways to build wealth over time without actively trading or investing in addition to your day job is to invest in suitable ETFs. These can be the core assets that you can divert a sizeable portion of your savings to every year, making it go to work for you. And since most ETFs are inherently diversified, holding them long term may not pose a risk by tilting your portfolio too heavily in one direction.

A dividend-focused ETF

Manulife Smart Dividend ETF (TSX:CDIV) is relatively new. It has only been around since Nov. 2020 and comes with a modest MER of 0.28% and a medium-risk rating. The ETF offers its investors exposure to 57 dividend-paying companies in Canada. The top 10 are dominated by the energy sector and utility companies.

The ETF boasts a modest 4.3% yield thanks to the underlying dividend companies. But that's not the only reason to hold this fund in your portfolio for decades. In a bull market, the fund also offers decent capital-appreciation potential. It rose roughly 32% in the one-and-a-half years between its inception and its 2022 peak. So, when the market is bullish for the long term, the ETF may see decent growth.

A U.S. ETF

If you want to gain exposure to the markets across to border, **RBC Quant U.S. Equity Leaders ETF** (TSX:RUE) can be a wise option. It has been around for a while (2015 inception), and most of its time, it has gone up at a decent pace. It has appreciated roughly 85% in value in the last eight years, with approximately 10% yearly growth.

However, this also includes the current “discount” of 18%, and once the ETF recovers from this slump, the overall growth will turn out even better. This ETF offers you access to 175 US securities, with the top 10 carrying roughly 30% of the weight. **Apple**, **Microsoft**, and **Alphabet** alone make up about 17.5% of the fund’s total weight.

It comes with a relatively higher MER of 0.44%, but the growth potential, in addition to the quarterly dividends the fund offers, makes this higher fee justified.

A tech ETF

TD Global Technology Leaders Index ETF (TSX:TEC) might not be a very attractive choice from a diversification perspective, since it focuses mainly on U.S. tech; the return/growth potential makes the risk worthwhile. Before the current heavy slump, the ETF rose over 110% in well under four years.

And even if we take into account the accelerated post-pandemic market, we can assume the fund is capable of doubling your capital every six or seven years in a healthy bull market.

It does offer a bit of geographic diversification, as about 14.5% of its holdings are international (including Canada), but the bulk of the weight comes from the U.S. tech companies, with 30% carried by just three companies: Apple, Microsoft, and **Amazon**.

The MER is at 0.39%, and despite its isolated focus on tech, the ETF carries a medium-risk rating, so it might not sway your portfolio’s risk profile too heavily.

Foolish takeaway

These ETFs can be considered good picks for both seasoned investors and novices still at the “what is an ETF?” stage of their investment journey. They offer you access to some of the strongest portions and industry leaders of both the Canadian and the U.S. markets. This is another endorsement of these ETFs as long-term holdings (apart from their performance potential).

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:TEC (TD Global Technology Leaders Index ETF)

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