



3 Top ETFs Canadians Can Buy Amid a Bear Market

Description

The Canadian stock markets have been highly sensitive to several macroeconomic factors that include rising commodity prices. While the **S&P/TSX 60 Index** has performed better than the U.S. benchmark **S&P 500 index**, it is still down 9.5% year to date.

As the Canadian central bank gears up to hike the interest rates by up to 75 basis points, the stock market selloff will most likely continue in the upcoming months. However, investing in well-diversified ETFs or [exchange-traded funds](#) with a stable dividend history can allow investors to generate outsized returns, even in a volatile market environment.

Moreover, targeting low-volatility ETFs could hedge market risk significantly, making them ideal bets when stocks are underperforming.

iShares S&P/TSX Canadian Dividend Aristocrats Index ETF

iShares S&P/TSX Canadian Dividend Aristocrats Index ETF ([TSX:CDZ](#)) invests in some of the highest-quality Canadian stocks and REITs. The passively managed ETF tracks the S&P/TSX Canadian Dividend Aristocrats Total Return Index and only invests in companies that have increased dividends continuously every year for the past five years.

The ETF has generated 11.39% in annual returns over the past three years. Further, it returned 8.08% over the past year, outperforming the S&P/TSX 60 Composite index's negative returns. CDZ pays \$0.09 per share each month as dividends, yielding 3.52%.

The ETF has \$968.14 million in assets under management, which is invested across 94 stocks. CDZ's most popular holdings are **Slate Grocery REIT**, **Fiera Capital**, **Pembina Pipeline**, and **Enbridge**.

BMO Low Volatility Canadian Equity ETF

BMO Low Volatility Canadian Equity ETF ([TSX:ZLB](#)) targets Canadian stocks that have a low beta

and are therefore less sensitive to market fluctuations. It manages \$2.63 billion in net assets (as of June 27), invested across 47 stocks. Its top holdings are **Hydro One**, **Franco-Nevada**, and **Emera**, which have a combined weightage of more than 10% in the total portfolio.

Hydro One and Emera operate in the utilities space and are fairly recession resistant. Further, Franco-Nevada is a gold mining company that offers a hedge against inflation.

ZLB primarily invests in low-risk stocks in the financials, utilities, and consumer staples sector, suggesting the ETF benefits from portfolio diversification as well. It distributes dividends quarterly and yields approximately 2.49%.

ZLB's NAV has risen 7.96% over the past year and 17.74% annually over the past two years.

Vanguard Canadian High Dividend Yield ETF

Vanguard Canadian High Dividend Yield ETF ([TSX:VDY](#)) invests in Canadian companies that offer substantial dividend payouts periodically and have a higher than industry dividend yield.

The ETF closely tracks the performance of the benchmark FTSE Canada High Dividend Yield Index. VDY is a popular choice among investors seeking to hedge their portfolios against market risks by parking funds in a safe dividend-yielding index. It has \$1.668 billion worth of assets under management (as of June 17) invested across 47 stocks.

VDY has outperformed the S&P/TSX Composite index lately, with 21.31% gains over the past year and 9.19% returns year to date. In fact, VDY gained 2.72% over the past month, outperforming the benchmark index's 2.66% returns.

The ETF has ploughed 54.1% of its total funds in the financial sector. Its most significant financial stock holding is the **Royal Bank of Canada**. Additionally, VDY's top energy sector investments include giants such as Enbridge and **Canadian Natural Resources**. The ETF's \$0.14-per-share monthly dividend distribution chalks up to a 3.64% yield.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:CDZ (iShares S&P/TSX Canadian Dividend Aristocrats Index ETF)
2. TSX:VDY (Vanguard FTSE Canadian High Dividend Yield Index ETF)
3. TSX:ZLB (Bmo Low Volatility Canadian Equity ETF)

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