3 TSX ETFs That Can Give You Monthly Passive Income

Description

The **TSX** had a strong start this week gaining 1.09% (201.17 points) on Monday with nine of the 11 primary sectors advancing. Energy stocks (+3.57%) led the charge as oil prices rose above US$100 per barrel once more. However, the investment landscape remains volatile as governments deal with rising inflation.

Many investors continue to search for safety nets for capital protection and income streams. If you're new to the stock market, investing in individual stocks presents a higher risk. Financial advisors recommend exchange-traded funds (ETFs) for beginners.

While most ETFs are underperforming in 2022 due to the prevailing negative market sentiment, you can ride out the spikes and dips through one easy-to-purchase fund. More importantly, you'll still collect monthly passive income. The TSX offers a lot of choices depending on your preference and risk appetite. You can choose a basket of funds with holdings in various sectors or be sector-specific.

Energy

The top-of-mind choice this year is none other than **iShares S&P TSX Capped Energy Index ETF** (TSX:XEG). Because of the favorable pricing environment, the energy sector continues to be the top-performer so far in 2022. However, XEG outperforms the sector, +32.22% versus +30.36%.

Also, at $13.81 per share, the trailing one-year price return is a fantastic +74.26%. If you invest right now, the dividend yield is 3.21%. XEG replicates the performance of the S&P/TSX Capped Energy Index. Its investment objective is to deliver long-term capital growth to investors.

Currently, stocks of oil & gas exploration and production (58.86%) and integrated oil & gas (39.59%) companies comprise the bulk of the holdings. Canadian Natural Resources (25.04%) and Suncor Energy (23.83%) are the top two holdings out of the total 28 energy stocks.

Financials

iShares Canadian Financial Monthly Income ETF (TSX:FIE) is a solid pick despite the underperformance (-14.95% year-to-date). Besides the predominantly financial stocks, the dividend yield is a juicy 7.17%. Banks (50.43%) and insurance companies (22.11%) have the most significant percentage weights.

FIE has exposure to other sectors like diversified financials, energy, real estate, and utilities, although it's less than 8%. Another unique feature of this ETF is that the holdings aren't limited to banking, insurance, and asset management firms. About one-third of the holdings are in preferred shares and bonds. The current price ($6.76) is also affordable.

Broader market

Invesco Canadian Dividend Index ETF (TSX:PDC) primarily invests in Canadian equities. As of this writing, the ETF is outperforming the broader market year-to-date, -4.21% versus -12.38%. At $30.37 per share, the dividend offer is an attractive 4.15%.

PDC has 44 stock holdings at present with financial (46.7%), energy (22%), utilities (14%), and telecommunications (11.2%) sectors having the most significant representations. **Fortis**, **BCE**, and **TELUS** are among the resilient dividend stocks during market downturns.

Enbridge and the **Bank of Montreal** are the top two holdings. PDC's total return of 145.67% (9.40% CAGR) in 10.01 years is very decent for an ETF.

Ideal for beginners

The three ETFs in focus are ideal for beginners. These special asset classes reduce overall market volatility while you earn monthly passive income at the same time.

CATEGORY

1. Dividend Stocks
2. Investing
3. Stocks for Beginners

TICKERS GLOBAL

1. TSX:FIE (iShares Canadian Financial Monthly Income ETF)
2. TSX:XEG (iShares S&P/TSX Capped Energy Index ETF)

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