3 All-in-1 ETF Portfolios Beginners Should Buy and Hold Forever

Description

Stock picking can be fun and rewarding, but it can also be discouraging and prone to underperformance. For the average investor (especially new ones), passive investing using exchange-traded funds (ETFs) might be the easiest and cheapest way of building real long-term wealth with little time or knowledge required.

A great way to set yourself up for success is making one of these ETFs the bulk of your portfolio, while allocating a small (5-10%) proportion to a few choice stock picks. Today, I'll be going over three all-in-one ETF portfolios from **Vanguard**, **iShares**, and **BMO**, respectively, that are suitable for investors of varying ages and risk tolerances.

iShares: 100% stocks

Going 100% stocks is best suited for young investors looking for maximum growth with a long time until retirement and an aggressive risk tolerance. A good option here is **iShares Core Equity ETF Portfolio** (TSX:XEQT), which holds over 9,593 stocks from around the world, divided roughly 45% in the U.S., 25% in Canada, 25% in international developed markets, and 5% in international emerging markets.

XEQT is the ultimate passive investing approach. Investors who consistently buy and hold XEQT will receive the market's average return over time, net of fees. In terms of fees, XEQT costs a management expense ratio (MER) of 0.20%, which works out to a $20 annual fee for a $10,000 investment. This is significantly cheaper than actively managed mutual funds out there.

Vanguard: 80%/20% in stocks and bonds

Older investors with a medium to moderate risk tolerance should consider a portfolio with a heavier allocation to fixed income, which reduces volatility and drawdowns. A great option here is **Vanguard All-Equity Growth Portfolio** (TSX:VGRO), which holds 13,526 worldwide stocks and allocations to investment-grade Canadian, U.S., and global bonds.

Compared to XEQT, VGRO will likely have lower returns but also suffer less during market crashes and bear markets. The fixed-income allocation can help buffer against the high risk posed by equities. VGRO currently costs a MER of 0.24% to hold. The fund is also fairly popular, with assets under management of $1.78 billion and an entire Reddit forum called r/justbuyvgro devoted to it.

BMO: 60%/40% in stocks and bonds

Finally, investors on the cusp of retirement with a low to medium risk tolerance should consider a traditional 60/40 balanced portfolio of stocks and bonds. A good pick here is **BMO Balanced ETF** (TSX:ZBAL), which, like XEQT and VBAL, holds thousands of global stocks in addition to a high allocation of investment-grade Canadian, U.S., and global bonds.

The addition of a larger 40% bond holding in ZBAL gives it even better drawdown protection and volatility reduction compared to VGRO. However, this comes at the cost of lower long-term total returns, making it better suited for investors who have hit their retirement portfolio goals and are looking to make sustained, safe withdrawals. ZBAL costs an MER of 0.20% to hold.

CATEGORY

1. Investing
2. Stocks for Beginners

TICKERS GLOBAL

1. TSX:VGRO (Vanguard Growth ETF Portfolio)
2. TSX:XEQT (iShares Core Equity ETF Portfolio)
3. TSX:ZBAL (Bmo Mutual Funds - Bmo Balanced ETF Portfolio)

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tdong