



## 2 Passive-Income ETFs That Have High Dividends

### Description

Stock market investing has been precarious this year due to the weakness in the broader market. The **S&P/TSX Composite Index** is down by 12.40% from its 52-week high at writing after recovering by 6.15% in the last two weeks. The upward trajectory in recent weeks suggests improvement, but there might still be time for investors to establish positions in stocks trading for discounts before they recover.

If you are struggling to choose individual stock picks, it might be better to consider looking at investment products offering exposure to groups of equity securities instead. Equity-focused [exchange-traded funds](#) (ETFs) let you invest in several stocks in the form of a single asset, diversifying your capital across several equity securities.

The TSX boasts several equity-focused ETFs that track the performance of various market indices. The Canadian energy industry and financial sector have been two of the stronger-performing segments of the Canadian economy, boasting high-quality dividend stocks.

If you want to invest in groups of dividend-paying companies but cannot pick individual companies, the two ETFs I will discuss today could provide you with viable investments to consider.

## Vanguard FTSE Canadian High Dividend Yield Index ETF

**Vanguard FTSE Canadian High Dividend Yield Index ETF** ([TSX:VDY](#)) is a fund designed to provide you with high-yielding dividend income by tracking the performance of the FTSE Canada High Dividend Yield Index. The fund's underlying index primarily comprises Canadian publicly traded companies that pay high-yielding shareholder dividends.

VDY ETF uses efficient and cost-effective index management techniques to minimize costs. The fund invests 53.9% of its assets under management in financial sector stocks, and the energy industry accounts for its second-largest asset allocation at 27.8%.

Investing in VDY ETF means getting exposure to a group of the top dividend-paying stocks from the financial sector and the energy industry. VDY ETF boasts a distribution yield of 4.48% that it pays out

each month. It is a low-cost ETF that comes with a 0.22% management expense ratio (MER).

## iShares S&P/TSX Composite High Dividend Index ETF

**iShares S&P/TSX Composite High Dividend Index ETF** ([TSX:XEI](#)) is another dividend-paying Canadian ETF that seeks to provide you with long-term capital growth. The fund tracks the performance of the S&P/TSX Composite High Dividend Index, another equity-focused index primarily comprising Canadian dividend-paying stocks.

Designed as a passive-income fund that investors can buy and hold for the long run, XEI ETF also uses cost-effective index management techniques to minimize costs. The fund allocates 30.28% of its assets under management to financial sector stocks and 28.81% to energy sector stocks. It also has significant exposure to the utility and telecom sectors — two industries boasting several high-quality dividend stocks.

XEI ETF is also a low-cost fund, boasting a 0.22% MER, and it pays investors monthly distributions at a juicy 5.16% yield.

## Foolish takeaway

The Canadian energy and financial sectors boast some of the top dividend-paying stocks. Investing in Vanguard VDY ETF offers you exposure to **Royal Bank of Canada**, **TD Bank**, and **Scotiabank** stock. iShares XEI ETF offers you exposure to **Enbridge**, **TC Energy**, and **Pembina Pipeline** stock.

If you are looking for assets you can buy and hold to create a diversified passive-income stream through shareholder dividends, investing in VDY ETF and XEI ETF could be an excellent way to invest your capital.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. TSX:VDY (Vanguard FTSE Canadian High Dividend Yield Index ETF)
2. TSX:XEI (iShares S&P/TSX Composite High Dividend Index ETF)

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