



## 3 TSX ETFs With Excellent Dividends

### Description

Risk-averse investors, especially beginners, might not have the stomach to invest in stocks considering the [current market environment](#). The **TSX** has been see-sawing lately, mostly from recession fears. However, young and old investors alike can elect to invest in exchange-traded funds (ETFs) instead.

This asset class isn't 100% safe, but it can mitigate market risks for peace of mind. Also, if you're chasing after excellent dividends, three ETFs stand out. Since each [basket of funds](#) has distinct features and different investment objectives, you can align them with your risk tolerance.

### Financial sector

BlackRock's **iShares Canadian Financial Monthly Income ETF** ([TSX:FIE](#)) seeks to maximize total return and provide a stable stream of monthly cash distributions. It offers targeted exposure to the Canadian financial services sector. While FIE is sector-specific, the fund is multi-asset.

The portfolio consists of common shares, preferred shares, corporate bonds, and income trust units of issuers in the Canadian financial sector. Assuming you invest today, the share price is \$7.07, while the dividend offer is a juicy 6.73%. A \$17,850 position will generate \$100.11 in passive income every month.

FIE's top holdings with a percentage weight of 20.26% is **iShares S&P/TSX Canadian Preferred Share Index ETF**. Its top five stock holdings are Canadian Big Bank stocks led by **CIBC**, **BMO**, **RBC**, **TD**, and **National Bank of Canada**. It also has positions in insurance companies such as **Manulife Financial** and **Power Corporation of Canada**.

### Extensive exposure

BlackRock is also the fund manager of **iShares S&P/TSX Composite High Dividend Index ETF** ([TSX:XEI](#)). Unlike FIE, this ETF offers exposure to various TSX sectors, except technology and consumer staples. Percentage-wise, the financial (30.18%), energy (28.41%), utilities (14.37%), and

communication (11.8%) sectors have the highest representations.

**RBC, Enbridge, and BCE** are the top three stock holdings. According to BlackRock, XEI is designed to be a long-term foundational holding. The ETF is beating the broader market year-to-date, +5.46% versus -5.66%. Its share price is \$26.13, while the dividend yield is a healthy 5.01%.

## Real estate

The portfolio strategy of **BMO Equal Weight REITs Index ETF** ([TSX:ZRE](#)) is to replicate the performance of the **Solactive Equal Weight Canada REIT Index**. As such, the Fund invests in Canadian real estate investment trusts, one of the great sources of passive income on the TSX.

BMO Global Asset Management (BGAM), the portfolio manager, allocates a fixed weight on REIT holdings instead of a market capitalization weight. The purpose is to lessen security-specific risk. Also, each security must meet a minimum trading volume requirement to ensure inclusion in the Fund.

Retail (28.98%) and residential (23.24%) REITs have the highest representation, followed by diversified (14.21%), industrial (14.1%), and office (10.06%) REITs. Currently, ZRE has positions in 24 REITs that include **H&R, NorthWest Healthcare Properties, CT REIT, and Choice Properties**.

ZRE costs \$23.47 per share and pays an attractive 4.51% dividend. Note that this ETF mirrors the underperformance of the real estate sector and is down nearly 14% so far in 2022. The housing market is in correction mode due to the interest rate hikes by the Bank of Canada.

## ETFs for beginners

FIE, XEI, and ZRE are ideal ETFs for beginners. They are not only lower-risk investment options, but also generous passive income providers.

### CATEGORY

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

### TICKERS GLOBAL

1. TSX:FIE (iShares Canadian Financial Monthly Income ETF)
2. TSX:XEI (iShares S&P/TSX Composite High Dividend Index ETF)
3. TSX:ZRE (BMO Equal Weight REITs Index ETF)

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