



3 ETFs on the TSX Today Offering Ultra-High Dividends

Description

[Exchange-traded funds](#) (ETF) have surged in popularity over the years. These ETFs provide investors with something that's like owning an entire portfolio that's managed by professionals with far less upfront cash. So, it's clear why the interest is there.

But ETFs on the **TSX** today have become even more appealing thanks to the focus on dividends. Instead of choosing just one stock in hopes of dividend income, these [ETFs create dividends from multiple sources](#). Today, I'm going to look at three ETFs that offer that income and all the security that comes with them.

Vanguard FTSE Developed All Cap ex U.S. Index ETF

Vanguard FTSE Developed All Cap ex U.S. Index ETF ([TSX:VDU](#)) currently provides investors with a 2.91% dividend yield. The management fee sits at just \$0.20, with the company dishing out dividends on a quarterly basis.

The fund seeks to replicate the Financial Times Stock Exchange (FTSE) on a broad, global scale with a focus primarily on equities in developed markets. This only excludes the United States. Its highest investments right now are in financial services at about 18% followed by industrials at about 15%. It's likely because of the former investment that the ETF is currently below market performance, with shares down about 16% year to date.

Still, you can lock in a diversified, global portfolio at a higher dividend yield as of writing. Plus, that dividend continue to grow, currently offering a solid compound annual growth rate (CAGR) of 11.34% over the last five years.

Vanguard FTSE Emerging Markets All Cap Index ETF

Don't think that developed countries have it all figured out. Emerging markets can be a significant source of passive income from more than dividends. That is why I would also consider **Vanguard FTSE Emerging Markets All Cap Index ETF**

([TSX:VEE](#)).

This ETF currently has a management fee of \$0.23, with a dividend yield sitting at 2.7%. These dividends also come out on a quarterly basis. Similar to VDU, VEE seeks to replicate the FTSE on a global scale, but it has a focus on emerging markets. Its primary focus is still on financial institutions at 20% of its holdings, followed by technology at 15.5%, and consumer cyclical equities at 14%.

It might be surprising to note then that stocks are down 13% compared to VDU's 16%. Yet again, you can lock in a dividend yield that could see major growth in the years to come with this focus on emerging markets. Plus, its CAGR is even higher in the last five years at 15.5%.

BMO Equal Weight U.S. Health Care Hedged to CAD Index ETF

Finally, another area of the market that simply isn't going anywhere is the healthcare sector. That's exactly why there's an entire ETF dedicated to it from multiple financial institutions. But **BMO Equal Weight US Health Care Hedged to CAD Index ETF** ([TSX:ZUH](#)) offers you the highest dividend right now.

ZUH has a higher management fee at \$0.35, and it's about double the share price of the Vanguard ETFs. It also isn't performing as well, with shares currently down 20% year to date. The dividend currently sits at just 0.15%; it pays that dividend on an annual basis rather than quarterly.

In this case, ZUH seeks to replicate the performance of **Solactive Equal Weight US Health Care Index CAD Hedged**. Of course, about 100% of its holdings are in the healthcare sector, and this could be a plus and minus depending on how it's invested. It has a laundry list of these holdings, with none taking more than 2% of its entire portfolio. In that sense, you get a diversified set of investments, though all within the healthcare sector.

In this case, the dividend has come down from where it was only a few years ago. This comes likely from the influence of the pandemic, where the company cut its dividend twice. Still, it could soar back, though this makes it the most volatile of the three ETFs.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:VDU (Vanguard FTSE Developed All Cap ex U.S. Index ETF)
2. TSX:VEE (Vanguard FTSE Emerging Markets All Cap Index ETF)
3. TSX:ZUH (BMO Equal Weight US Health Care Hedged to CAD Index ETF)

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