3 Safe ETFs With Stellar Growth Histories

Description

If you know what an ETF is and how it works, you may understand that the growth pace and pattern of ETFs are rarely comparable to individual stocks.

Even ETFs that offer you exposure to narrow slices of the market may still contain dozens of stocks, and its overall performance is the weight-driven average of the individual constituents. Still, many ETFs have growth histories that are comparable to modest growth stocks in terms of pace with relatively more consistency.

On that note, here are three ETFs that should be on your radar.

A U.S. ETF

There is no shortage of **S&P 500** ETFs in Canada, and almost every major financial institution with its own ETFs has at least one from the S&P 500. **Bank of Montreal** is no exception, and you can invest in the heaviest and most diversified slice of the U.S. stock market by investing in **BMO S&P 500 Index ETF** (TSX:ZSP). The fund carries a minimal Management Expense Ratio (MER) of 0.09%, which is just one of its attractions.

It also pays a modest quarterly dividend, but that's not the highlight of this ETF, and there are many Canadian ETFs that might be a better pick for producing passive income. If you're after capital growth, this ETF has a stellar history and strong potential, not to mention great daily volume and high overall assets under management (AUM).

It has risen over 83% in the last five years, and if it weren't for the market's lackluster performance in 2022, the growth could have reached triple digits.

A Canadian consumer staples ETF

Consumer staple businesses are more resilient than the average market, thanks to their evergreen nature. This allows them to perform well even in harsher markets. So, if you invest in an ETF like **iShares S&P/TSX Capped Consumer Staples Index ETF** (TSX:XST), you may see relatively consistent growth.

The fund has grown by over 280% in the last decade, and even though the progress hasn't been perfectly linear, the pattern is much more consistent than in most other sectors.

The return potential is quite significant as well. It's comprised of just 11 holdings, but the lack of diversification and a smaller number of assets is well-balanced by the resilient and safe nature of the underlying businesses.

It makes quarterly payments to its investors, but the yield is quite low. The MER, on the other hand, is quite high for an ETF (0.61%), but considering the growth potential, it might be worth paying.

A low volatility ETF

Growth stocks are considered relatively riskier but **BMO Low Volatility Canadian Equity ETF** (TSX:ZLB) is designed to be less risky. It carries a low-to-medium risk rating (two on a scale of one to five) and offers capital appreciation potential comparable to a modest growth stock. It has returned over 200% in the last decade, and the growth pattern has been very consistent.

At any given time, the holdings are determined by a low beta, and only large-cap stocks are chosen to ensure minimal risk. Right now, the ETF comprises 47 companies, including leaders from utilities, consumer staples, and industrial sectors. The MER is modestly high at 0.39%, but the growth rate is powerful enough to adequately compensate for the long-term impact of this MER.

Foolish takeaway

These three ETFs are backed by strong growth histories and have proven their mettle in multiple markets. Their resilience combined with their future potential makes them powerful long-term additions to your portfolio.

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1. Dividend Stocks
2. Investing
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TICKERS GLOBAL

1. TSX:XST (iShares S&P/TSX Capped Consumer Staples Index ETF)
2. TSX:ZLB (Bmo Low Volatility Canadian Equity ETF)
3. TSX:ZSP (BMO S&P 500 Index ETF)

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