



My Favourite Investing Ideas on the TSX Today

Description

The TSX has outperformed its U.S. counterpart so far in 2022. Year to date, the S&P/TSX 60 index is down just -6%, compared with the -16% loss suffered by the S&P 500. Thanks to its high concentration of energy sector stocks, the TSX has largely escaped the [corrections](#) and [bear markets](#) of the U.S. stock market.

I'm not an active investor, but if there were two TSX [sectors](#) I'd consider over-weighting, it would be banks and energy. Both sectors have historically provided strong dividend yields and growth, and can outperform when interest rates and inflation rise.

While investors can buy individual TSX-listed bank and energy stocks (and my fellow Foolish writers have some great recommendations), I'm sticking to my roots via [exchange-traded funds, or ETFs](#). The following two ETFs offer easy, one-click access to a portfolio of TSX energy and bank stocks.

BMO S&P/TSX Equal Weight Bank Index ETF

Canada's "Big Six" banks currently include the **Royal Bank of Canada**, **Toronto-Dominion Bank**, **Canadian Imperial Bank of Commerce**, **Bank of Nova Scotia**, **Bank of Montreal**, and **National Bank**. A great way to own all six banks in equal portions is via the **BMO S&P/TSX Equal Weight Bank Index ETF** ([TSX:ZEB](#)).

ZEB trades at around \$35 per share, which costs significantly less than buying equal amounts of shares of all six banks individually. Another advantage of ZEB is its monthly dividend. While bank stocks typically pay quarterly dividends, ZEB pays out more frequently, which can be desirable for income investors.

Currently, ZEB pays an annualized distribution yield of 4.15%, which can be thought of as the average dividend yield of the underlying six banks. In terms of fees, ZEB charges an expense ratio of 0.28%, which works out to around \$28 for every \$10,000 invested.

BMO Equal Weight Oil & Gas Index ETF

Investors bullish on TSX energy stocks can buy most of them easily via the **BMO Equal Weight Oil & Gas Index ETF** ([TSX:ZEO](#)). This ETF holds 10 TSX energy stocks in equal weights, much like ZEB does with bank stocks. At a price of \$67 per share, it's a very affordable and efficient way to invest in energy stocks.

Top holdings currently include **Canadian Natural Resources, Suncor Energy, Cenovus Energy, Tourmaline Oil, Imperial Oil, Arc Resources, TC Energy, Pembina Pipeline, Enbridge, and Keyera**. Most of these stocks strongly outperformed during 2022 as commodity prices rose.

If you believe that we're starting another commodity super-cycle, then ZEO could be a way to participate in that growth. Or, it could be an inflation hedge to keep in your portfolio when commodity prices inevitably soar again in the future. ZEO costs an expense ratio of 0.61%.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:ZEB (BMO Equal Weight Banks Index ETF)
2. TSX:ZEO (BMO Equal Weight Oil & Gas Index ETF)

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Date

2025/09/26

Date Created

2022/11/25

Author

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