Millennials: Buy These 3 ETFs for a Passive Growth Portfolio

Description

Exchange-Traded Funds (ETFs) are a basket of stocks aimed at tracking a specific index. As they hold many different companies, ETFs are safer than investing in individual companies and are usually suggested to newer investors. However, it could be difficult finding ETFs that also provide market beating growth. I have previously suggested three ETFs to choose if you wanted to create an ETF portfolio. In this article, I will provide three ETFs that I believe would form an excellent foundation for a passive growth portfolio.

Riding the technology wave

The first ETF I would look at is the **TD Global Technology Leaders Index ETF** (TSX:TEC) offered by **TD Bank**. As the name suggests, this ETF invests in the top technology companies in the world. Although it is a global ETF, most of the holdings in this fund are American companies (84% of all holdings). This ETF gives you exposure to companies such as **Apple**, **Microsoft**, **Tesla**, **Shopify**, and **MercadoLibre**.

As of this writing, the fund holds 218 companies. The dividend yield of this fund is 0.85%, its average price to earnings is 33, and the average market cap is $836 billion. In the past year, this fund has returned about 40%. That is an incredible performance given the volatility observed in the market this year. Because of its strong growth potential, I would certainly suggest this ETF to any growth investor.

Advancements in the health industry

Another sector that could generate very high returns for investors is health care. An excellent ETF covering this space is the **iShares Global Healthcare Index ETF (CAD Hedged)** (TSX:XHC) by **BlackRock.** It should be noted that this ETF does not hold companies directly, but rather holds the equivalent fund that trades on the **NYSE**. This fund provides exposure to companies such as **Gilead Sciences**, **Illumina**, **Merck**, and **Johnson & Johnson**.

There are 108 holdings within the fund. The price to earnings ratio is 26 and the dividend yield is

0.92%. In the past year, the fund has produced a return just north of 12%. Although the health sector can be very lucrative, investors should be aware that it might challenge the tech sector in terms of volatility. That said, this ETF should be reserved for younger investors or those that welcome higher risk.

A recession-proof sector with surprising returns

Finally, I would suggest adding an ETF covering the Canadian utilities sector into your portfolio. An example would be the **iShares S&P/TSX Capped Utilities Index ETF** (TSX:XUT) by BlackRock. Although this fund only holds Canadian-listed companies, it is still quite diverse in the holdings' industries. There are some that specialize in renewable energy production, whereas some companies are the more traditional gas utility producers.

Examples of companies that this fund provides exposure to are **Fortis**, **Algonquin Power & Utilities**, **Brookfield Renewable Partners**, and **Northland Power**.

Because utilities are used in all economic situations, this would be a good fund to hold if you are interested in companies that may be able to survive recessions more easily. Nearly 15% of this fund is focused on the renewable energy industry, which is growing year over year. The dividend yield of this fund is 3.4% and its price to earnings ratio is 17. Over the past year, it has returned just under 10%.

Foolish takeaway

To get great returns in the stock market, you do not need to invest in individual companies. Investing in ETFs is safer because you are spreading your wealth across many different companies. In this article, three possible ETFs are provided which focus on the global tech and health care sectors as well as the Canadian utility sector.

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