Market Correction: 2 ETFs to Hold as Volatility Picks Up

Description

The **S&P/TSX Composite Index** plunged 487 points to close out the week on November 26. Global markets experienced violent convulsions after reports revealed the emergence of a new COVID-19 variant: Omicron. Today, I want to discuss the state of the domestic and global market after this unfortunate news. Moreover, I want to look at two exchange-traded funds (ETFs) to snatch up, as investors contemplate a further market correction.

Should investors be worried about a deep market correction right now?

We still know very little about the emergence of this new variant at this stage. A South African doctor, who was one of the first to detect the new strain, suggested that symptoms of the Omicron variant have been mild so far. However, experts have warned that it is too early to draw broad conclusions from this report.

Markets look poised to bounce back going by futures at the time of this writing. Governments have been quick to pounce on the news. Indeed, the emergence of this new variant may test the readiness, as nations have had nearly two years to bolster their containment capabilities. With luck, that progress will show in the weeks and months ahead.

Investors should not resign themselves to a sharp correction as we move into December. However, it does not hurt to be prepared for volatility. Fortunately, there are very solid ETFs to snatch up in this environment.

Scared of volatility? Here's an ETF that can provide protection

BMO Low Volatility Canadian Equity ETF (TSX:ZLB) is designed to provide exposure to a low-beta weighed portfolio of Canadian stocks. Beta measures the security's sensitivity to market movements. BMO recommends the fund for investors who want equity growth and an exposure to a diversified portfolio with low volatility. This is a solid investment to consider in the face of a market correction.

Shares of this ETF fell 1.5% on November 26, cushioning the blow for its holders on a brutal day. The ETF has climbed 16% in 2021. Some of the top holdings in the fund include top utilities like **Hydro One**, **Emera**, and **Fortis**. It is also invested in dependable grocery retailers like **Metro**, **Empire Company**, and **Loblaw**. The ETF boasts a reasonably low MER of 0.39% at the time of this writing.

Look to high-quality dividend stocks in a market correction

Investors who are attracted to reliable dividend stocks should look to **iShares Canadian Select Dividend ETF** (TSX:XDV). This ETF aims to provide long-term capital growth by replicating the performance of the Dow Jones Canada Select Dividend Index. It offers exposure to 30 of the highest-yielding Canadian companies. Moreover, it also follows a rules-based methodology that analyses stocks by dividend growth, yield, and payout ratio. Better yet, it aims to earn monthly dividend income.

This ETF has increased 24% in 2021 as of close on November 26. It dropped 1.7% to close out the week on November 26. Some of the top holdings in this ETF include bank stocks like **CIBC**, **Bank of Montreal**, and **Royal Bank**. Meanwhile, it is also invested in dependable dividend stocks like **Canadian Tire** and **BCE**.

The iShares Canadian Select Dividend ETF has a solid MER of 0.55% at the time of this writing. Moreover, it offers a monthly dividend of $0.105 per share. That represents a 3.8% yield.

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