



2 Gold ETFs to Buy for an Inflation Hedge

Description

[Exchange-traded funds](#) (ETFs) are one of the best tools available to Canadians today. Perhaps you are interested in investing in the Canadian stock market. Furthermore, you want to [diversify your investment capital](#) across various equity securities. Creating a self-directed portfolio of securities can become expensive. Fees add up when making various individual trades.

An ETF can provide you with exposure to a basket of equity securities in the form of a single investment. You can align your investment portfolio with a specific goal. All while achieving diversification at a significantly lower cost than with a self-directed portfolio.

Rising inflation rates have become an alarming problem for Canadian investors. Higher costs for everything can hurt the value of returns. If you are worried about how to counteract the effects of an inflationary environment, safe-haven commodities could be an ideal investment for you.

Gold is one of the best safe-haven assets you can buy during inflationary markets. This is due to the inverse correlation between gold prices and the broader market. Today, I will discuss two gold ETFs you could invest in. They could help you leverage rising gold prices as a hedge against inflation.

iShares S&P/TSX Global Gold Index ETF

iShares S&P/TSX Global Gold Index ETF ([TSX:XGD](#)) could be an excellent way to gain exposure to gold and gold-related securities. ETF aims to replicate the performance of the S&P/TSX Global Gold Index, net of expenses. The iShares XGD ETF invests in a basket of securities as they are held in the underlying index.

iShares XGD ETF offers you the chance to get globally diversified exposure to gold producers and gold-related products. Some of the fund's top holdings include **Newmont**, **Barrick Gold**, and **Franco Nevada**. When inflation leads to higher gold prices, gold producers like these can enjoy greater profit margins. This can lead to significant upside movement relative to the market.

At writing, iShares XGD ETF is trading for \$17.62 per share.

SPDR Gold Trust

SPDR Gold Trust ([NYSEMKT:GLD](#)) is another fund that you could consider to gain exposure to the performance of gold during inflationary markets. The ETF seeks to provide you with investment returns by offering a cost-efficient and secure way to access the gold market.

It is the world's largest physically backed gold ETF, offering exposure to the spot price of gold. This ETF could be an excellent asset to consider if you are interested in getting returns based on the performance of gold prices rather than the performance of gold-related companies. As inflation spikes, gold prices can rise, leading to more significant returns for the fund's shareholders.

At writing, SPDR Gold Trust ETF is trading for US\$170.16 per share.

Foolish takeaway

Investing in gold ETFs can provide you with more liquid exposure to the rare yellow metal's price performance during inflationary markets without having to directly own physical gold or create a self-directed portfolio of gold-related publicly traded companies.

If you think your portfolio could use some [diversified exposure](#) to the performance of gold-related securities in this inflationary environment, iShares XGD ETF and SPDR GLD ETF could be excellent investments to consider.

CATEGORY

1. Investing
2. Metals and Mining Stocks

TICKERS GLOBAL

1. NYSEMKT:GLD (SPDR Gold Trust)
2. TSX:XGD (iShares S&P/TSX Global Gold Index ETF)

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