



1 Canadian ETF to Help Your Portfolio Thrive in a Volatile 2022

Description

The volatile start to 2022 may or may not be a sign of what to expect for the remainder of the year. Undoubtedly, the fragility of tech and [growth](#) stocks has been apparent for well over a year now. When the pain ends, and the sector reverses, though, will be anyone's guess. In many prior pieces, I have highlighted that there were pockets of severe overvaluation (or localized bubbles) floating around specific areas of the tech sector. Indeed, unprofitable growth at unreasonably high multiples gained significant appeal in the back half of 2020, as speculators chased gains and impressive stories.

Now, the price is being paid as the most expensive and bid-up areas of the market are correcting themselves. Despite the immense pain suffered by market chasers, many [value](#) names also exist and thus far, they've been resilient in the face of market-wide volatility.

Steering clear of volatility in 2022 doesn't have to be hard

Like during the dot-com bust of 2000, if you stuck with your strategy of picking profitable companies with shares priced below their intrinsic value, you likely did fine at the end of the day. Now, I have no idea if the pain in some of the high price-to-sales (P/S) stocks will conclude in a month, a quarter, or a couple of years.

What I do know is that those seeking to steer clear from such volatility can do so by avoiding stocks in the blast radius of this tech wreck. Further, investors can lower their portfolio's overall beta by diversifying into investments that are less correlated to the broader markets. While I don't think the tech wreck should have dragged down the **S&P 500** as it did these past few weeks, it's bound to happen, as the market looks to flirt with a correction for the first time in a while.

That's why playing it safely with the **iShares Global Gold Index Fund** ([TSX:XGD](#)) looks so incredibly intriguing at this juncture.

While you could pick individual stocks, I do think that the gold miner ETF is a great way to easily and quickly bring your portfolio into balance. Indeed, even many big-league money managers are themselves closet indexers or owners of passive investments. Let's have a closer look at the Canadian

ETF to see how it can fit as a part of a diversified portfolio.

XGD: iShares Global Gold Index Fund

The XGD is a great way to expose yourself to the shiny yellow metal that's grown a reputation as a store of wealth and an inflation hedge. The fund owns TSX-traded gold miners and is a great way to gain broader exposure to the basket that could be overdue to storm out of the gate once gold prices finally bounce.

Indeed, Bitcoin and other cryptocurrencies have been seen as the "new gold." But I view the asset class as more of a trader's playground. Indeed, people have gotten rich off trading Bitcoin and all the sort. With the speculative appetite fading, I think Bitcoin could be at the cusp of one of its severe cyclical downturns. Whether that means falling below US\$10,000 per coin is anyone's guess. Regardless, I do think outflows could return to proven safe haven assets like gold. What's the best way to play gold? The miners, which tend to experience amplified upside due to their leverage.

The XGD is a great one-stop-shop way to play gold's return should the speculative euphoria fade further into year's end.

CATEGORY

1. Investing
2. Metals and Mining Stocks

TICKERS GLOBAL

1. TSX:XGD (iShares S&P/TSX Global Gold Index ETF)
2. TSX:ZWU (Bmo Covered Call Utilities ETF)

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Author

joefrenette

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