3 ETFs to Own After Inflation Hits a 30-Year High

Description

The rate of inflation in Canada rose to 4.8% in December 2021, according to a recently released report from Statistics Canada. This was the inflation rate has reached since 1991. That has put more pressure on the Bank of Canada (BoC) to act on its interest rate decision early in 2022. However, there is no guarantee that rate hikes will have the immediate impact on inflation that policymakers hope. In this environment, investors should be prepared for anything. Today, I want to look at three exchange-traded funds (ETFs) that are worth owning in this inflationary climate.

Should you seek exposure to gold as inflation climbs?

Last summer, inflation was already well on the rise. At the time, I'd suggested that investors look to gold as one of several options. Indeed, the spot price of gold was holding steady as markets were being throttled in early afternoon trading on January 24.

iShares S&P/TSX Global Gold ETF (TSX:XGD) is one ETF investors may want to consider if they are looking for exposure to the gold space. Shares of this ETF have dropped 9.3% in the year-over-year period. This fund seeks to replicate the performance of the S&P/TSX Global Gold Index.

Some of the top holdings in this ETF include the top gold miners in the world. **Newmont** tops out the list, along with familiar names like **Barrick**, **Franco Nevada**, and **Kirkland Lake Gold**. Gold stocks still look undervalued after suffering through a rough 2021. It is not too late to jump on this ETF in late January.

Here's why this emerging markets ETF could be a good bet right now

Emerging markets are another solid option for investors looking for alternatives right now. Indeed, Asia-based markets have put together a solid performance in comparison to here in North America. It may be worth dipping into this space during this period of uncertainty.

BMO MSCI Emerging Markets ETF (TSX:ZEM) aims to capture large and mid-cap representation across 26 emerging markets countries. Shares of this ETF have plunged 15% in the year-over-year period.

Investors can expect exposure to top international companies like **Tencent**, **Alibaba**, and **Reliance Industries** in this fund.

One more dividend-oriented ETF to snatch up today

Sometimes it is best to seek out the most practical solution during periods of uncertainty. That means targeting dependable income-yielding equities. **iShares Canadian Select Dividend ETF** (TSX:XDV) is one of the most attractive ETFs that offer exposure to these high-quality equities.

Shares of this ETF have climbed 22% year over year at the time of this writing. However, the fund has dropped 1.9% to open 2022. This fund offers diversified exposure to 30 of the highest-yielding Canadian companies in the Dow Jones Canada Total Market Index. Moreover, holders can count on monthly dividend income.

The top holdings in this fund include big banks like **CIBC**, **Bank of Montreal**, as well as telecom and energy giants like **BCE** and **TC Energy**. This ETF aims to pay out a monthly dividend of $0.103 in January, which represents a 3.5% yield.

CATEGORY

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