
# Stock Market Pullback: 1 Safety Play to Buy Now

## Description

The stock market pullback could easily worsen before it gets any better, with geopolitical tensions taking it to the next level. Undoubtedly, conflict between the Ukraine and Russia seems unavoidable at this juncture. At least that's what U.S. president Joe Biden is warning us of, with sanctions that could be put in place sometime soon.

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Indeed, 2022 is not a great start for beginner investors, with seemingly everything, except COVID cases, that's headed in the wrong direction. Rate hikes are on the way, inflation is sky-high, and war risks are at a high point. Add uncertainty surrounding economic growth and stretched valuations into the equation, and it's clear that the bull's legs will be put to the test over the coming weeks.

The real question is, will this bull survive, or will the bear rear its ugly head once again for the second time in just over two years? While I think investors should buy stocks on the way down, I wouldn't advise jumping into the deep end if you can't fathom a 50% loss that could strike in a matter of weeks. The volatility? It's simply been off the charts lately.

With no signs of cooling down, investors should seek to play it safe. Cash on the sidelines is always a good idea, but with inflation surging above 5% and over 7% in the U.S., cash is no longer the safe haven it used to be. Indeed, investors have the arduous task of balancing the risks of losing purchasing power from inflation's hands and the risk of excessive losses in a rocky stock market.

## Are investors too bearish? Or is more danger ahead?

Undoubtedly, the bearish voices have taken command. It's hard to find anything to be optimistic about these days, with Ukraine and Russia tensions. As rates and geopolitical woes threaten this bull market, I'd stick with old-fashioned value stocks that I can evaluate easily. We're talking profitable companies with attractive valuation metrics rather than difficult-to-value growth stocks that are down by some arbitrary percentage point off their highs.

Although you may think you're getting a bargain with a stock that's down 50% or 80%, it's not advisable to catch a falling knife, unless you can conduct a thorough valuation. Indeed, sales growth won't cut it anymore! Earnings will be needed to support multiples. And if that's not there, it's tough to say when a fast-falling growth stock has bottomed! Remember, just because a stock has fallen X% doesn't mean it can't do it again!

## The ZLB: A smoother ride through a rocky stock market

In this piece, we'll have a closer look at **BMO Low Volatility Canadian Equity ETF** (TSX:ZLB) an ETF built for times like these. When the stock markets get rough, the ZLB can help you tame the waters. That said, low volatility does not equal no volatility. Lower beta can help investors zig when Mr. Market zags, but when crisis strikes and fear is in the hearts of investors, there are no guarantees in the equity markets.

I like the ZLB because it holds a good selection of cheap to fairly valued stocks that make a profit. In an era where rates rise, and growth stories no longer cut it, it's these such names that will do better. With many constituents within the ZLB sporting betas below one, the ZLB is a great option for 2022 — a year that could continue to be a rocky road.

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