Expecting a Market Pullback? Target These 3 ETFs

Description

The **S&P/TSX Composite Index** plunged 347 points on April 21. Canadian markets battled volatility in late February and early March in the face of geopolitical pressure, but the TSX Index quickly recovered. Experts and analysts appear more pessimistic after the Bank of Canada's recent 50-basis-point interest rate hike. Investors should consider the possibility that we may have to weather a market pullback in the months ahead.

Today, I want to look at three exchange-traded funds (ETFs) that are worth targeting in order to prepare for this potentiality.

Protect yourself against a market pullback with this conservative fund

Canadian investors may want to consider a more conservative approach to their portfolios in this environment. Foolish readers that want to pursue this angle should look at the **Vanguard Conservative ETF** (TSX:VCNS). This fund seeks to provide its shareholders with a combination of income and moderate long-term capital growth. It is invested primarily in equity and fixed-income securities.

Shares of this ETF have dropped 8.2% in 2022 as of close on April 21. That said, it did provide investors with some protection during the March 2020 market pullback despite suffering a loss of its own. The rocky start to 2022 has pushed it into negative territory in the year-over-year period. Some of the top holdings in this fund include **Apple**, **Royal Bank**, **Amazon**, and **Canadian National Railway**.

Here's a low-volatility ETF to snatch up in late April

Many Canadian investors will be eager to avoid volatility in this climate. **BMO Low Volatility Canadian Equity ETF** (TSX:ZLB) is geared towards investors who are looking for a combination of equity growth, heavy diversification, and low to medium investment risk. Shares of this ETF have increased 3.7% in

2022. It is up 11% in the year-over-year period.

Investors will be paying a steeper-than-average price for this fund, which demands a MER of 1.45%. The top three investments in this fund are BMO ETFs focused on low volatility in U.S. and International equities as well as an S&P 500 Index fund.

One more ETF to target ahead of a market pullback

Back in early March, I'd discussed gold's surge back above the US$2,000/ounce mark. The yellow metal has remained robust in the face of broader economic and market uncertainty. In previous years, there were questions over whether cryptocurrencies had displaced gold as a haven. That debate appears to have been quieted in the first half of this year.

Investors who are looking to get in on the broader gold market may want to consider **iShares S&P/TSX Global Gold Index ETF** (TSX:XGD). This fund offers targeted exposure to global securities of producers of gold. Shares of this ETF have climbed 21% so far in 2022. It is up 10% year over year.

The fund is considered high risk due to its exposure to the volatile gold market. Some of the top holdings in this fund include super gold producers like **Barrick Gold**, **Agnico Eagle Mines**, and **Kinross Gold**. Gold may offer one of the few dependable hedges in the event of a market pullback.

CATEGORY

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1. TSX:VCNS (Vanguard Conservative ETF Portfolio)
2. TSX:XGD (iShares S&P/TSX Global Gold Index ETF)
3. TSX:ZLB (Bmo Low Volatility Canadian Equity ETF)

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