Market Pullback: 3 ETFs That Could Protect Your Portfolio in 2022

Description

The **S&P/TSX Composite Index** surged 376 points on April 28. This triple-digit increase was a much-needed bounce back after the top Canadian index had suffered steep losses earlier in the week. Despite this rebound, investors should not rest easy. Indeed, there are a variety of headwinds that Canadians need to watch out for in the weeks and months ahead. Some top economists are predicting a recession over the next two years in the face of slowing growth and an aggressive rate-tightening policy from the Bank of Canada (BoC).

Today, I want to look at three exchange-traded funds (ETFs) that could protect your portfolio from volatility in 2022 and beyond.

Defend against rising volatility with this BMO ETF

BMO Low Volatility Canadian Equity ETF (TSX:ZLB) is the first ETF I'd look to snag in this turbulent market. This fund seeks to provide investors with exposure to a low-beta weighted portfolio of Canadian stocks. For reference, beta measures a given security's sensitivity to market fluctuations. This ETF uses a methodology to build a portfolio of low-volatility, large-cap Canadian stocks.

Shares of this ETF have increased 2.1% in 2022 as of close on April 28. The fund has climbed 10% in the year-over-year period. Some of the top holdings in this account include some familiar defensive dividend stocks like **Hydro One**, **Metro**, and **Waste Connections**. Investors can trust utilities, grocery retailers, and a company like Waste Connections for the long haul.

Seek exposure to top defensive stocks with this ETF

As I'd discussed in the previous segment, Canadian investors should look to target defensive stocks in the face of market volatility. These are often companies that are considered consumer staples. The products provided by consumer staples include food, beverages, household goods, and other essentials. Investors looking to target these equities should consider **iShares S&P/TSX Capped Consumer Staples ETF** (TSX:XST).

According to its fund facts, this ETF seeks to replicate the performance of the Capped Consumer Staples Index. Its shares have climbed 7.3% in the year-to-date period. The ETF is up 23% from the same time in 2021. Some of the top holdings in this ETF include top defensive equities like **Alimentation Couche-Tard**, **George Weston**, and the diary-processing giant **Saputo**.

One more fund that offers a conservative bent in 2022

iShares Core Conservative Balanced ETF (TSX:XCNS) is the third ETF I'd look to snatch up in this volatile market environment. This fund aims to provide long-term capital growth and income by investing in other ETFs managed by **BlackRock** or an affiliate. According to its fund facts, it is listed as very low risk. That should entice Canadian investors who are hungry for security and stability in their portfolios right now.

Some of the top holdings in this fund include a major BlackRock Canadian bond index as well as a U.S. Treasury Bond-focused fund. The bond rout has hurt this ETF in the near term. Its shares are down 9% so far in 2022. This has pushed it into negative territory in the year-over-year period.

CATEGORY

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