Worried About a Market Pullback? Hold These ETFs in 2022

Description

The **S&P/TSX Composite Index** was down marginally in mid-afternoon trading on May 11. North American markets have been throttled by volatility in the face of rising interest rates and the threat of slowing growth. This has raised the spectre of stagflation, which refers to an economy that is plagued by slow or stagnant economic growth, inflation, and high unemployment. Fortunately, there are still strong numbers on the job front. Today, I want to look at three exchange-traded funds (ETFs) that can provide cover in a market pullback. Let's dive in.

Investors worried about a market crash may want to target this ETF that offers big income

Canadian investors may want to snatch up high-yield dividend stocks in this environment. **iShares S&P/TSX Composite High Dividend ETF** (TSX:XEI) seeks to replicate the performance of the **S&P/TSX Composite High Dividend Index**. Shares of this ETF have climbed 4.5% in 2022 at the time of this writing. It is up 16% from the previous year.

According to the fund facts, this ETF offers medium risk. Investors will have to take on a relatively low MER of 0.22%. Some of the top holdings in this account include energy beasts like **Suncor**, **Pembina Pipelines**, and **Enbridge**. This fund last paid out a monthly distribution of $0.083 per share, which represents a 3.5% yield.

Gold has historically been a big mover during previous pullbacks

Last month, I'd suggested that Canadian investors may want to target gold stocks to kick off the spring. The spot price of gold rose above US$2,000/ounce after the Russian invasion of Ukraine for the first time since the initial stages of the COVID-19 pandemic in 2020. Investors eager for broad exposure to gold stocks should look to **iShares S&P/TSX Global Gold ETF** (TSX:XGD).

This fund seeks to replicate the performance of the **S&P/TSX Global Gold Index**. It offers exposure to global securities of producers of gold and other related products. Shares of this ETF have dropped 16% month over month. However, it is still up 7.1% in the year-to-date period. Now might be a great time to snatch up this fund on the dip.

Investors should beware of this high-risk fund, as the gold sector is historically volatile. It offers access to top gold stocks like **Newmont**, **Barrick Gold**, and others.

One more dividend-focused ETF to snatch up in this volatile climate

A Canadian Dividend Aristocrat is a stock that has delivered dividend growth for at least five consecutive years. These reliable equities are worth targeting in a turbulent market. **iShares S&P/TSX Canadian Dividend Aristocrats ETF** (TSX:CDZ) offers investors exposure to a portfolio of Canadian Dividend Aristocrats. Its shares have dropped 4.2% so far in 2022. It is still in the black in the year-over-year period.

Some of the top dividend stocks in this fund include **Fiera Capital**, **Slate Grocery REIT**, and **Capital Power**. This ETF last paid out a monthly dividend of $0.09 per share, which represents a 3.1% yield.

CATEGORY

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