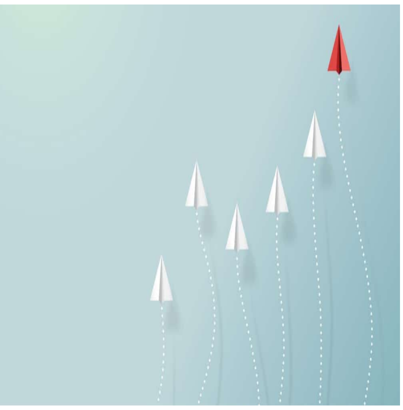

Canadians: 2 Investments That May Outperform for Rest of 2022

Description

Though recessions are scary, it's important to remember that they happen every five or so years on average. They're completely normal, and most of them aren't as severe as the one suffered in 2008 or even the coronavirus-driven one in 2020.

Recessions can prove mild in nature, especially ones engineered by a central bank. At the end of the day, the Fed can always backtrack on rates if they hiked too much and inflicted too much pain on financial markets!

As investors take a risk-off approach and ditch equities for cash and bonds, I'd look to do some bargain hunting in some of the most beaten-down areas of this market. In addition, I'd also look to gain exposure to the red-hot energy sector, as it's sustainable momentum and value that many Canadian investors lack.

So, instead of panicking and running to the hills, it's time to focus on spotting value in this market. Most of the money is made by being a contrarian in times like these. Corrections and bear markets are an opportunity for long-term thinkers — not a cause to hit that panic button!

Currently, **BMO Nasdaq 100 Hedged to CAD Index ETF** (TSX:ZQQ) and **iShares S&P/TSX Capped Energy Index ETF** (TSX:XEG) are great ETFs to buy together amid the volatility storm.

ZQQ: Buying the dip in U.S. tech

ZQQ is a quick, easy and cheap way for Canadian investors to buy the dip on the Nasdaq 100 exchange while hedging against currency fluctuations. Indeed, the Nasdaq has taken a brunt of the damage amid the selloff. High-multiple tech and all the sort have imploded this year.

The damage has been excessive, with more speculative bets shedding well over 75% of their value from peak to trough. In ZQQ, you won't find such speculative stocks. You'll get a lot of quality tech names that felt the shockwaves despite being cheap and profitable. The big U.S. tech stocks comprise a big chunk of the ETF, and I believe these are the names that will lead in a market comeback.

Historically, the Nasdaq tends to get hit harder during selloffs but is faster to bottom out versus the S&P 500 or TSX.

XEG: Playing strength in energy prices

XEG is a run-of-the-mill Canadian oil and gas ETF that can help investors ride the bull market in energy.

Undoubtedly, Canadian energy stocks are not immune from slipping if there's a blow-off top in oil. However, until the war in Ukraine ends, it's likely that many energy firms will continue to rake in huge cash flows from profound tailwinds in the fossil fuels space.

Though the MER is high at around 0.61%, I remain a big fan of the ETF for investors lacking exposure to Canada's oil patch. Year to date, XEG is up nearly 70%. That's an incredible gain, but the best could be to come, as the concept of US$150 or even US$175 oil becomes more realistic, given the impact of the Ukraine-Russia war.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:XEG (iShares S&P/TSX Capped Energy Index ETF)
2. TSX:ZQQ (Bmo Nasdaq 100 Equity Hedged To Cad Index ETF)

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1. Investing

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