



Canadian Investors: Where to Invest \$1,000 Right Now

Description

If you're sitting on \$1,000 and searching for the best investment you can make right now, there are several choices.

Your decision on where to invest the money will depend on several factors:

- How much other money you have as a safety net (or emergency fund)
- Your risk tolerance
- Your time frame for the investment

High-interest savings account

If you don't have any other money saved or you need the money in the near future, you'll want to proceed with caution. Currently, there are several Canadian online banks with high-interest savings accounts offering a respectable 2.5% or higher in interest.

As long as your balance doesn't exceed the maximum guaranteed by the Canadian Deposit Insurance Corporation (CDIC), your principal and earnings are safe. The CDIC insures Canadians' bank deposits up to \$100,000 per personal account held in member Canadian banks.

Diversified ETF

If you're willing to take on more risk for a potentially larger profit, there are well-diversified ETFs that provide exposure to several stocks within a single fund. One example is the **iShares S&P/TSX 60 Index ETF** ([TSX:XIU](#)), which started trading in 1990 and was the first ETF in the world.

This ETF seeks long-term capital growth by replicating the performance of the **S&P/TSX 60 Index**, which tracks the performance of large, established Canadian companies. XIU gives you exposure to the broader market, which offers some protection if one sector of the market underperforms in any given year.

According to **BlackRock**, the fund's total return year-to-date is 3.75%, as of this writing. The one-year, five-year, and 10-year returns are 21.72%, 6.54%, and 6.82%, respectively.

Based on last year's return, if you'd invested \$1,000 in the fund, your investment would be worth approximately \$1,220. Of course, there's no guarantee what this year's return will be. However, the five-year and 10-year returns are still significantly higher than the interest-bearing savings account.

There's no guarantee that you won't lose principal. However, the difference in potential profit above the savings account may be worth the risk if you don't need this money right away or have other savings to use in case you need the funds.

Invest in a single stock

Putting all of your investment in a single stock is one of the riskiest moves to make with your money. But if you choose wisely, the potential profit dwarfs the other options. Take for example, **Tesla** (NYSE:TSLA). The CEO, Elon Musk, has ties to Canada: he once was a student at Queen's University in Kingston, Ontario.

One year ago, Tesla stock was trading around \$312. Your \$1,000 would have purchased 3 shares. At the current price of \$647.99, as of this writing, your shares would be worth \$1,943.97, nearly doubling your initial investment.

Despite posting an annual loss of US \$862 million, record electric vehicle sales in the fourth quarter helped push Tesla to its second-straight quarterly profit. The company reported a net profit of US \$105 million, or \$.56 per share for the quarter.

Despite the production woes that have plagued the company in recent years, Tesla said in its quarterly investor letter that it expects to "comfortably" exceed production of 500,000 vehicles at its factories in Fremont, California, and Shanghai.

Buying Tesla stock anytime during the past 52 weeks would have yielded a huge profit. However, an investment in a company where the stock has shown tremendous volatility has the potential to blow up in either direction. It's therefore best to proceed with caution on investments of single stocks.

Pay off debt

Another alternative to avoid risk, but still use your \$1,000 in a constructive way is to pay off debt. While it may not be as exciting as the other options, paying off debt can be a smart move, especially if you are facing high fees and interest.

CATEGORY

1. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:TSLA (Tesla Inc.)
2. TSX:XIU (iShares S&P/TSX 60 Index ETF)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

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