



## Where to Invest \$1,000 Right Now

### Description

Since you're looking to invest \$1,000 right now, I'm guessing this may be your first investment because someone who has been investing for some time now would probably be investing more than that.

That's not a problem, though. We all started with that first \$1,000.

Here are some options you can consider for where to invest your \$1,000 right now, and the next \$1,000s.

### Index fund for immediate diversification

The stock market provides the best long-term returns compared to other types of investments, especially since we're experiencing a dip in the markets today. If you don't want to think too much about it, simply invest in a market-wide index fund.

One of the most popular TSX index funds is **iShares S&P TSX 60 Index ETF** ([TSX:XIU](#)). The fund gives exposure to 60 large-cap companies listed on the Toronto Stock Exchange across 10 sectors. This gives you immediate diversification to spread the risk around.

Notably, there's a 74% weighting in the top four sectors: Financials (36%), Energy (18%), Industrials (10%), and Materials (10%).

This doesn't come as too much of a surprise because the big Canadian banks are some of the most profitable businesses in Canada. Additionally, Canada has a vast wealth of natural resources, including energy, minerals and metals, and forests.

Among XIU's top 10 holdings are the Big Four Canadian banks, **Royal Bank of Canada**, **TD Bank**, **Scotiabank**, and **Bank of Montreal**, as well as energy stocks that offer safe dividends, including **Enbridge**, **TC Energy**, and **Suncor Energy**. Rounding up the top 10 holdings are higher-growth stocks: **Canadian National Railway**, **Brookfield Asset Management**, and **Shopify**.

## Quality dividend stocks

Instead of investing in the market, you may be considering investing in quality dividend stocks one at a time. With a long investment horizon, if you buy the right stocks, you can essentially hold the stocks forever, save money on trading fees, and collect an increasing passive income.

Besides, it's just more reassuring to hold dividend stocks that provide juicy income, especially in a market correction like the one that has manifested in the past week. The increased volatility could very well continue over the next quarter or two if not longer.

[Dividend stocks that offer safe juicy dividend yields](#) include the big banks and energy companies mentioned above. What's considered a safe juicy dividend yield? Yields of 3%–5% are generally good.

The Canadian banks can serve as a core holding in any diversified stock portfolio. Additionally, right now, they are trading at good valuations for long-term stable growth and offer nice yields of about 4.2%–5%.

If I had to pick one bank to buy today, it'd be [TD Bank](#), which offers a good balance of income and growth. It just raised its dividend by 6.8%. As a result, the leading North American bank now offers a yield of close to 4.5%.

At about \$71 per share at writing, TD stock trades at a price-to-earnings ratio of about 10.5 and it's expected to experience long-term earnings-per-share growth of 7%–10% per year.

## Investor takeaway

If you're investing a few thousand dollars for the first time, you might want to keep it simple and invest in a market-wide fund like the iShares S&P TSX 60 Index ETF or dividend stocks like TD Bank, which offer decent yields of 3-5% and increase their dividends over time.

For the ETF option, you can simply keep buying over time and watch your investment grow.

For the dividend stock option, you'd be building a diversified stock portfolio one dividend stock at a time but then, you'll have a better handle on how much dividend income you'll generate each year and how fast that income will grow.

### CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Energy Stocks
4. Investing
5. Stocks for Beginners

### TICKERS GLOBAL

1. TSX:XIU (iShares S&P/TSX 60 Index ETF)

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## **Author**

kayng

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