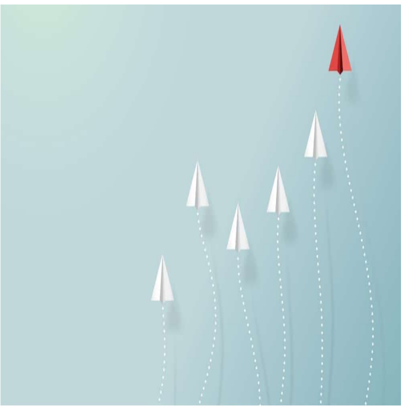

Market Rebound: Where to Invest $1,000 Right Now

Description

If there's anything you want right now, it's stability. In a volatile market, with a pandemic sweeping through the world, and the Canadian oil and gas industry in shambles, stability can seem like a far way off. But just recently, there has been a shred of hope.

After plunging more than 40%, the **S&P/TSX Composite Index** is finally on the rebound, which could mean stocks reaching market bottom is behind us — and the future could look a lot brighter.

If that's the case, it's never been a better time to invest. However, I understand that money is tight. About 57% of Canadians have felt at least some type of financial strain due to the coronavirus pandemic.

Many have lost their jobs, others have reduced hours, and still others can't even rely on employment insurance. It's leaving many wondering what their financial future might look like.

But if you have even a little bit stashed away to invest, there are ways to come back from this rebound in the black. It all starts with the right stock choices, and my favourite has to be **Vanguard S&P 500 Index ETF** (TSX:VFV).

The right rebound choice

If stocks are already starting to rebound, that means exchange-traded funds (ETFs) like Vanguard should see a significant boost in the near future. Vanguard is an excellent choice, as the company tracks the performance of the **S&P 500 Index**, investing in primarily stocks of U.S. companies.

Since 2012, the stock has been steady as a rail, gaining over 230% in less than a decade for an average of about 28% per year. That's certainly not bad for an ETF — that is, until its recent drop where shares sank by 30%. While that's not as low as the TSX, it's still quite low looking at its recent performance.

Why not Canada?

There are a number of Vanguard ETFs out there, but for my money I would choose the Vanguard S&P 500 precisely *because* it's not Canadian. The United States has historically rebounded faster than the Canadian economy, meaning that you're more likely to see a rebound in your own portfolio ahead of your other Canadian stocks.

A word of warning: don't put this in your Tax-Free Savings Account (TFSA) as foreign dividends are taxable by the government. However, you *can* put it in your Registered Retirement Savings Plan (RRSP) without having to worry about paying taxes. So if it comes down to which portfolio to choose, choose the latter.

How long?

So when could you start to see that rebound hitting your portfolio? This ETF is relatively new, only existing since 2012. That's a few years after the last recession. So instead, if you take a look at the S&P 500 itself, you can get a better idea of where your future is headed.

In the Great Recession, the S&P 500 fell 50% before starting to rebound. At that time, it took about three years for the stock to rebound to pre-recession levels. However, this recent rebound is thus far not as significant as the Great Recession, so it likely won't take as long to make up the loss.

In fact, after falling 35% from peak to trough, the S&P 500 is now back up 25% and is slowly making its way back to pre-crash prices. By comparison, the Vanguard has bounced back 21% after falling 30% since the crash. Put simply, it's about halfway back to where it was before the crash, so a full rebound isn't far off.

Foolish takeaway

If you're looking for a strong stock to get you through this rebound and have the cash available to do it, Vanguard S&P 500 is an excellent choice.

This stock is at bargain prices and will provide you with solid income for decades to come. You'll also get a share price that hasn't been seen in over a year.

CATEGORY

1. Coronavirus
2. Investing

TICKERS GLOBAL

1. TSX:VFV (Vanguard S&P 500 Index ETF)

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