



Planning to Invest in 2022? 1 Top ETF to Buy and Hold Forever

Description

It hasn't been a great start to the year for Canadian investors. After coming off a year where the market returned more than 20%, the **S&P/TSX Composite Index** is on track to end January at a loss. U.S. investors have fared far worse. The **S&P 500** is nearing a 10% loss in 2022, and the tech-heavy **Nasdaq Composite** is down 15%.

If you're investing for the short term, I'd be very cautious about deploying any cash into the stock market today. But if you've got a long-term time horizon, this is a buying opportunity that I'd strongly encourage investors to take advantage of.

Not sure where to invest in this volatile market? Here's where to start

When it comes to gaining exposure to the stock market, [Canadian investors](#) have a few options. For those with a higher risk tolerance and that are familiar with the ins and outs of the stock market, owning [individual stocks](#) may be a good fit.

If you're planning on owning individual stocks, it will take time to build a well-diversified portfolio. One way to provide a growing portfolio with diversification is through an [exchange-traded fund](#) (ETF).

An ETF is a great way for investors to gain broad diversification to the stock market. The fund acts as a basket, owning individual publicly traded companies. ETFs can track entire indices or can be much more concentrated, focusing on a specific area of the market, such as [tech](#) or renewable energy.

The one downside to ETFs, albeit a small one, is there's a cost associated with owning them. In comparison, the only cost of purchasing an individual stock would be a one-time transaction fee for the purchase. For many brokers today, though transactions are even free, so there's no cost at all.

The perfect ETF to begin your investing journey

Vanguard S&P 500 Index ETF ([TSX:VFV](#)) may be a U.S.-focused ETF, but it's an excellent long-term hold for Canadian investors. The ETF closely tracks the performance of the S&P 500 index, which contains the 500 largest public companies in the U.S.

The ETF is up close to 100% over the past five years. And that's not even factoring in dividends. In comparison, the S&P/TSX Composite Index is up less than 50% since early 2017.

The fund may only hold U.S.-based companies, but shareholders certainly gain exposure to non-U.S. economies. Many of the companies on the S&P 500 have a growing international presence, providing investors with much-needed global exposure.

Eventually, you may want to begin purchasing individual stocks to build a portfolio, as opposed to owning only owning shares of Vanguard S&P 500 Index ETF. But if I could own only one fund until my retirement, there's no doubt that it would be an S&P 500 index fund.

Foolish bottom line

Unsurprisingly, the media today is filled with headlines talking about steep selloffs in the stock market. It's important to remind yourself that not all investors are here for the long term. Many people investing in the stock market are there for short-term gains. So, just because the market is in a [downturn](#) doesn't mean you need to be on the sidelines.

If your time horizon is a decade or longer, that's no reason to not invest. In fact, is a great time to be a buyer right now.

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2. Stocks for Beginners

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Date

2025/07/21

Date Created

2022/02/01

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