Where to Invest $500 Right Now

Description

The **S&P/TSX Composite Index** has not had the best performance this year. The Canadian benchmark index is down by 16.28% year to date at writing. Despite the abysmal performance in recent weeks, Canadian equity markets have fared better than their American counterparts.

The stock market might not seem a likely bet to grow your wealth right now, but it could be the best bet to build long-term wealth. However, it is important to understand that stock market investing is inherently risky, and the volatility that comes with it is the price investors need to pay if they want to use it to grow their wealth.

Provided that you have a well-balanced portfolio and do not mind getting exposure to a degree of risk, the TSX boasts several assets you can buy and hold for the long run to become a wealthy investor. The market uncertainty might worry you, but it could be the right time to allocate some of your investment capital to Canadian stocks.

Bear markets and investing in growth stocks

Investing in growth stocks entails a more significant degree of capital risk than with blue-chip stocks. Risk-averse investors tend to take their money out of the market during volatile market conditions. Savvier investors who look at these periods as opportunities continue investing in high-quality stocks, despite the impact of market downturns to capitalize on bargains.

Observing the share price movement should not be the only reason to consider when deciding whether to invest in a stock. Rather, you should also consider the underlying business's performance to determine whether it could be a good investment.

Suppose that a publicly traded company's performance on the stock market is declining, but its financial performance is excellent. In that case, it would make sense to invest in the company's shares, despite its plummeting share prices.

Let's take a look at one such growth stock that you might want to add to your watch list if you are okay with allocating $500 of your investment capital to a risky asset that can deliver long-term wealth growth.

Lightspeed Commerce

Lightspeed Commerce (TSX:LSPD)(NYSE:LSPD) is a $3.61 billion market capitalization point-of-sale and e-commerce software provider based in Montreal. Founded in 2005, the Canadian tech company's performance boomed amid the pandemic, as it pivoted to meet changing customer demands.

The pandemic tailwinds that boosted its performance on the stock market gave way to the tech sector meltdown that impacted the entire industry.

Lightspeed stock's share prices have declined significantly over the last year. Lightspeed Commerce stock trades for $24.19 per share at writing — down by a massive 85.41% from its 52-week high. The share price decline comes in, despite a stellar financial performance by the company and strong organic growth.

Foolish takeaway

Considering its excellent performance and falling share prices, Lightspeed stock could be an excellent asset to invest in to enjoy market-beating returns on your investment. The company's management expects its organic sales growth to boom in the coming years. Lightspeed's growing penetration in different markets also provides it with multi-year growth potential.

A word of warning: investing in growth stocks carries significant capital risk, especially during volatile market environments. There may be periods of further weakness ahead before it starts recovering on the stock market. However, if you are not afraid of taking on some risk and have a long investment horizon, allocating $500 to its shares could be an excellent long-term investment.

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1. Investing

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