



## Where to Invest \$500 in the TSX Right Now

### Description

The best time to invest in the stock market was yesterday. The second-best time to invest is now. Despite the volatility associated with equities in 2022, it would be unwise to even attempt to time the market bottom, as the stock market has successfully created massive wealth for long-term investors.

The primary aim for investors is to create a war chest that will allow them to lead a comfortable life in retirement. If you have an investment horizon spanning several decades, the stock market is the best time to build your savings over time.

So, let's see where you can invest \$500 in the TSX right now.

## Buy a fund that tracks the S&P 500

The S&P 500 index is among the most popular index globally. It provides investors access to the 500 largest companies south of the border. So, investing in the fund will provide you with exposure to blue-chip stocks such as **Apple**, **Coca-Cola**, **Microsoft**, and **Chevron**, among others.

Further, the S&P 500 index holds companies across 11 major [stock market sectors](#) such as technology, banking, energy, and consumer staples,

The S&P 500 index was first introduced in 1957. Between 1957 and 2021, the index has returned an average of 10.5%, despite several economic downturns, such as the oil crisis, the dot-com bubble, the mortgage crisis, and the COVID-19 pandemic.

There are multiple advantages to investing in the S&P 500 index. It's an effortless and easy way to grow your savings and benefit from compounded gains. A \$500 investment in the S&P 500 in 1957 would be worth around \$300,000 at the end of 2021.

Given historical returns, the ongoing market pullback offers investors a great opportunity to buy the dip. But if you are worried about a market downturn, you can simply employ a dollar-cost averaging strategy and take advantage of market highs and lows.

For example, if you have \$6,000 available to invest each year, it's advisable to invest \$500 each month rather than deploying the entire amount in one go. Right now, the S&P 500 index also offers investors a forward yield of 1.5%. So, an investment of \$6,000 will allow you to generate \$90 each year in dividends. If you have invested \$100,000 in the index, your annual dividends would stand at \$1,500.

## Buy a low-cost S&P 500 ETF

The best way for Canadians to buy the S&P 500 index is by identifying a low-cost [exchange-traded fund](#) such as **Vanguard S&P 500 Index ETF (TSX:VFV)**. The VFV ETF has a management expense ratio of just 0.08%. So, for every \$10,000 investment in the VFV ETF, investors will pay \$8 to the fund manager, which is very cheap compared to an actively managed mutual fund.

The S&P 500 index is a simple way to test the waters of the equity market, especially if you are a new investor. In fact, if you buy and hold this ETF for more than a decade, you will outpace the majority of hedge fund and active mutual fund managers on Wall Street.

### CATEGORY

1. Investing
2. Tech Stocks

### TICKERS GLOBAL

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

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