



TSX Bear Market: Where to Invest \$10,000 Right Now

Description

Currently, the TSX is down around 12% year to date. While this doesn't quite qualify as a [bear market](#), it nonetheless meets the definition of a [stock market correction](#). Regardless, [market volatility](#) remains high, and the potential for further pain remains on the horizon.

Investors brave enough to buy TSX stocks can find some excellent names at discount prices. Valuations are much lower than the peak of the 2021 bull market, and that translates well for future expected returns. My fellow writers at the Fool have some great picks, so make sure you read up on those!

Still, sinking \$10,000 into a single stock isn't the best for [diversification](#). My suggestion is to put that \$10,000 into a broad-market index [exchange-traded fund](#), or ETF, that holds multiple TSX stocks. This can serve as the base of a Canadian stock portfolio as you augment it with a few select picks.

iShares S&P/TSX 60 Index ETF

Investors who want to stick to the 60 largest stocks trading on the TSX can buy **iShares S&P/TSX 60 Index ETF** ([TSX:XIU](#)). XIU provides great exposure to Canadian large-cap stocks, with high allocations to the financial and energy sectors.

Since its inception in 1999, XIU has returned an annualized 7.08%. This is an excellent return that could double your money every 10 years as per the Rule of 72. A big part of this is its strong annual dividend yield, which currently stands at 3.23%.

In terms of fees, XIU will cost you a management expense ratio (MER) of 0.20%. This is the annual percentage fee deducted from your investment. If you invested \$10,000 in XIU, you could expect to pay around \$20 in fees per year, which isn't much considering it holds 60 stocks!

iShares Core S&P/TSX Capped Composite Index ETF

Investors who also want to buy mid- and small-cap stocks can invest in the **iShares Core S&P/TSX Capped Composite Index ETF** ([TSX:XIC](#)). Around 85% of this ETF is XIU, while the rest tracks smaller companies in the TSX from sectors like industrials, consumer staples, consumer cyclicals, etc.

XIC has performed very similar to XIU. Over the last 10 years, the ETF has returned an annualized 7.24%. Its dividend yield is also very similar, with a trailing 12-month distribution yield of 3.16%. This is the yield you would have received if you held XIC over the last year.

In terms of fees, XIC will cost you a MER of 0.05%. This is significantly cheaper compared to XIU, which is already fairly cheap. If you invested \$10,000 in XIC, you could expect to pay around \$5 in fees per year, which isn't much considering it holds 236 stocks!

CATEGORY

1. Investing
2. Stocks for Beginners

TICKERS GLOBAL

1. TSX:XIC (iShares Core S&P/TSX Capped Composite Index ETF)
2. TSX:XIU (iShares S&P/TSX 60 Index ETF)

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