



Where to Invest \$1,000 Right Now

Description

A good practice is to invest any disposable income you find yourself left with after your monthly budget is accounted for. Upping your savings rate is the best way to grow your portfolio faster.

However, the question of “what should I invest in” should be answered based on your risk tolerance. That is, how much volatility or unrealized losses are you able to cope with without panic-selling?

Today, I have two [exchange-traded fund](#), or ETF, picks suitable for low-risk and high-risk investors alike. One offers safety and decent yields, while the other offers strong growth potential.

Horizons High Interest Savings ETF

Horizons High Interest Savings ETF ([TSX:CASH](#)) is a great way to keep your money safe in a brokerage account while earning a competitive yield. Compared to Guaranteed Investment Certificates (GICs), CASH has much better liquidity, meaning you can buy and sell it throughout the trading day as you deem fit.

CASH also has virtually no market risk. This is because the ETF simply holds its capital in deposits with various high-interest savings accounts at Canadian banks. If the market crashes, CASH won't lose any value given that it isn't exposed to any stocks or bonds.

Currently, CASH pays an annualized gross yield of 4.79%. If the Bank of Canada hikes interest rates further, the yield on CASH will rise again accordingly. In terms of fees, CASH costs a management expense ratio of 0.13%. For a \$1,000 investment, that's around \$1.30 in annual fees.

Horizons S&P 500 ETF

Risky investors looking for a high-growth solution can opt for **Horizons S&P 500 ETF** ([TSX:HXS](#)), which tracks the legendary S&P 500 Index. The S&P 500 is very hard to beat over the long run and has returned an annualized 10% since 1957, which is a fantastic rate of return.

What's cool about HXS is its lack of a dividend. This is actually a good thing. With HXS, the dividend payments are already reflected in its total return thanks to the ETF's use of swap derivatives. This means that investors who hold HXS in a taxable account can avoid paying taxes on distributions.

In terms of fees, HXS charges a management fee of 0.10% and a swap fee of 0.10% for a combined 0.20%. If you invested \$1,000 in HXS, you could expect to pay around \$2.00 in fees annually. For maximum savings, consider using HXS in a taxable account.

CATEGORY

1. Investing
2. Stocks for Beginners

TICKERS GLOBAL

1. TSX:CASH (Horizons High Interest Savings ETF)
2. TSX:HXS (Horizons S&P 500 Index ETF)

PARTNER-FEEDS

1. Business Insider
2. Flipboard
3. Koyfin
4. Msn
5. Newscred
6. Quote Media
7. Sharewise
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