



## This Canadian Tech ETF Outperformed the S&P 500 in the Last Decade

### Description

The **S&P 500** is considered the gold standard for indexes. It is one of the most popular funds in the world and is used as a proxy for the U.S. economy. The **S&P 500** provides investors exposure to the 500 largest companies south of the border, making it one of the most diversified funds in the world.

As several technology companies are leading the market in terms of market cap, the S&P 500 can be considered tech-heavy. The impressive performance of these tech giants in the last decade has meant that the S&P 500 has returned 194% in this period.

This means a \$25,000 investment in the index would have ballooned to almost \$75,000 since December 2010. However, there is one Canadian tech ETF that has easily outperformed the S&P 500.

## XIT ETF is up a massive 471% in the last 10 years

The **iShares S&P/TSX Info Tech ETF** ([TSX:XIT](#)) has returned 471% in the last 10 years and is one of the top-performing indexes in North America. This ETF has exposure to Canadian tech companies with an expense ratio of 0.61% and a management fee of 0.55%.

One of the key reasons for the stellar performance of XIT is the staggering returns of **Shopify** that accounts for 24.9% of the ETF. Shopify stock has gained a monumental 4,100% since December 2015 and has more than doubled year-to-date as well.

The other top holdings of the ETF include stalwarts such as **Constellation Software**, **CGI Inc**, **Open Text**, and **Descartes Systems Group** that account for 59% of XIT. This suggests the top five holdings of the ETF account for almost 75% of total holdings.

Given XIT's stellar returns, an investment of \$25,000 in the ETF back in December 2010 would be worth \$142,750 today. Other holdings such as Constellation Software, CGI, Open text, and Descartes Systems have returned 3,800%, 906%, 480%, and 464%, respectively, in the last decade.

## Will XIT continue to outpace the S&P 500?

The COVID-19 pandemic has acted as a tailwind for several companies in the technology space including Shopify. The transition to e-commerce and other digital services has accelerated in 2020 and will be a key revenue driver for several of the companies mentioned here.

There is a good chance that the tech-driven rally will continue, indicating that XIT is well positioned to derive outsized gains in the future as well. While XIT might outperform the S&P 500, investors should know that the latter lowers your risk significantly due to its diversification and a portfolio of mega-cap companies that have a worldwide presence.

In the last three years, XIT [has surged at an annual rate](#) of 39%. It's up a stellar 50% in 2020 and even if the growth rate normalizes to 20% in the next three years, a \$15,000 contribution in the ETF will return \$26,000 at the end of the forecast period.

ETFs remain the best bet for investors who lack the time or expertise to pick individual stocks. You can use this as a starting point for your research and identify similar funds that might outperform the S&P 500 in the long term.

### CATEGORY

1. Investing
2. Tech Stocks

### TICKERS GLOBAL

1. TSX:XIT (iShares S&P/TSX Capped Information Technology Index ETF)

### PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
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### Date

2025/07/22

### Date Created

2020/12/14

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