



1 Tech Stock I'd Buy Ahead of the Rebound

Description

Tech stocks have been falling pretty much across the board for a while now. A tech stock that may have seen all-time highs in 2021 likely fell back to lows not seen since the earlier days of the [pandemic](#), in some cases. But what does that mean for long-term Motley Fool investors?

In a word, it means *opportunity*. But it can be hard when you're trying to consider which tech stock to buy. Instead, Motley Fool investors can be proactive and invest in it all.

Pick a tech stock ETF

Exchange-traded funds (ETF) are usually touted as great ways to get in on [industries](#). But those industries are usually things like financial institutions, energy companies, or a mixture of the market as a whole. Now there's certainly nothing wrong with that. But the option exists to also invest in growing, strong industries such as tech.

What's great about an ETF is that it's like having your own financial advisor — someone who has the job of constantly evaluating what's doing well and what's not in the tech sector. Then a tech stock will be added or dropped based on company performance.

Therefore, you have exposure to every type of tech stock in the industry, without worrying that you're making the wrong choice. And right now, it's a perfect time to buy one in particular.

Buy low before it's high

A strong ETF I would consider today is the **S&P/TSX Capped Information Technology Index ETF** ([TSX:XIT](#)). The goal of this ETF is to provide long-term growth by mirroring the performance of the TSX Capped Information Technology Index. The ETF mainly focuses on equities involved in the tech sector.

As of writing, 52% of the company's portfolio focuses on application software. That's followed by 21% in internet services and infrastructure, and 16% in IT consulting. Some of its top investments include **Constellation Software**

, **Shopify**, **Open Text**, and **CGI**.

What you'll notice is that a lot of these tech stocks also come with hefty price tags. But not XIT. You can gain exposure to all of these companies and yet pay just \$46 as of writing. Furthermore, it trades at a valuable 3.38 times earnings.

Foolish takeaway

The Capped Information Technology ETF is a great way to get [exposure](#) before a rebound happens. And it *will* happen. Looking at any tech stock, you'll notice there hasn't been any one thing that's caused most companies to drop. That means there is a industry-wide drop in shares — one that a recovery will eventually take care of.

When that happens, you can take advantage of this ETF by gaining exposure to it all. It's a way to add a bit of fun to your portfolio with far less risk. And for the share price and valuation, it's really a winning scenario not to be passed up.

Shares are down 0.05% in the last year and 27% from 52-week highs. That offers a significant rebound should you buy this stock and reach those same highs in 2022, which, honestly, looks likely right now.

CATEGORY

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

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