



## Tech Sell-Off: 3 Top ETFs TFSA Investors Should Buy Right Now

### Description

The tech-heavy **NASDAQ Composite Index** has experienced a steep decline in recent trading sessions. The index corrected by more than 15.5% from all-time highs as investors are now chasing value over growth, given the threat of rising interest rates.

However, every market correction presents investors with an opportunity to buy quality stocks at a lower valuation. Further, investing in an exchange-traded fund, or ETF, allows you to diversify risk at a low-cost and is ideal for the investor who does not have the expertise to pick individual stocks.

Additionally, if these ETFs are held in a TFSA (Tax-Free Savings Account), investors can derive long-term capital gains that are exempt from Canada Revenue Agency taxes.

Let's take a look at three ETFs that should be on your buying radar right now.

### Ark Innovation ETF

**Ark Innovation ETF** (NYSE:ARKK) is [Cathie Wood's flagship fund](#), which is down 54% from all-time highs. Despite the pullback, ARKK has returned close to 300% to investors since 2014. The ETF, which has over US\$15 billion in assets under management, is [focused](#) on investing in paradigm-shifting companies that have the potential to disrupt industries over the long term. Its top holdings include **Tesla, Roku, Teladoc Health, Coinbase, and Zoom Video Communications**, each of which has experienced a tumultuous period in recent months.

The U.S. Federal Reserve is expected to raise interest rates multiple times in 2022 and a tighter monetary policy is a headwind for growth stocks that continue to wrestle with high valuation metrics.

Cathie Wood was one of the few experts on Wall Street who consistently backed Tesla in the past decade even when the electric vehicle giant was grappling with production and cash flow problems. Investors will be hoping for other stocks in the ARKK ETF to deliver similar market-beating returns going forward.

## First Trust Dow Jones Internet ETF

Down 25% from all-time highs, the **First Trust Dow Jones Internet ETF** (NYSE:FDN) has returned 456% to investors in the last 10 years. With an expense ratio of 0.51%, the ETF provides you exposure to quality companies such as **Amazon**, **Meta Platforms**, **Alphabet**, **PayPal**, and **Salesforce.com** that account for a cumulative 38.4% of the fund.

All the companies mentioned here are market leaders and enjoy wide economic moats. They have a global presence and are blue-chip giants with robust fundamentals that enable them to wait out difficult macroeconomic headwinds.

## iShares S&P/TSX Capped Info Tech ETF

The **iShares S&P/TSX Capped Info Tech ETF** ([TSX:XIT](#)) provides investors access to top Canadian tech stocks such as **Shopify**, **Constellation Software**, and **Lightspeed POS**. The XIT ETF has gained over 600% since January 2012 and is down 29% from all-time highs.

All three ETFs, similar to the NASDAQ Index, are tech-heavy. Several [technology stocks](#) have outpaced broader indexes such as the **S&P 500** since the financial crash of 2008-09 and this trend should continue in 2022 and beyond. A Research and Markets report estimates the global information technology market to touch US\$12 trillion by 2025, indicating annual growth rates of 9%.

Given the ongoing pullback, it could make sense to allocate a certain portion of your investments in these tech-based ETFs.

### CATEGORY

1. Investing
2. Tech Stocks

### TICKERS GLOBAL

1. NYSEMKT:ARKK (ARK ETF Trust - ARK Innovation ETF)
2. TSX:XIT (iShares S&P/TSX Capped Information Technology Index ETF)

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