



2 Tech ETFs to Buy After the Tech Sell-Off

Description

The last few months have seen so many top tech stocks decline amid a broad sell-off in the industry. The anticipation of rising interest rates has led some analysts to believe that liquidity is coming out of the market. It means that capital is leaving the higher-risk assets in the stock market and flowing toward lower-risk asset classes.

Despite the sell-off, the tech sector is still a great place to find businesses that could provide you with long-term growth. It might not be practical to invest in the individual stock of several tech companies at the same time because all the trading fees can add up and eat into your potential returns. You might want to consider investing in [exchange-traded funds \(ETFs\)](#) that focus on the tech sector instead.

Investing in a tech ETF can provide you with exposure to a basket of tech stocks in the form of a single investment. You can invest in the performance of several tech companies without incurring trading fees for investing in each of them separately.

Today, I will discuss two of the [top tech ETFs](#) you could consider so that you can leverage a recovery in the tech sector after the sell-off.

iShares S&P/TSX Capped Information Technology Index ETF

iShares S&P/TSX Capped Information Technology Index ETF ([TSX:XIT](#)) is a fund that seeks to provide you with long-term capital growth by replicating the performance of the S&P/TSX Capped Information Technology Index before expenses. The fund is an ideal asset to consider if you want to gain exposure to Canadian tech companies in the form of a single investment.

The fund comes with a management expense ratio (MER) of 0.61%, and its top 10 holdings include several high-quality tech stocks. Its top holding is **Constellation Software**, accounting for 27.91% of its asset allocation. **Shopify Inc.** comes in second, with a 17.49% asset allocation. **CGI Inc.** is its third-largest holding, accounting for 15.66% of its asset allocation.

Invesco QQQ Trust

Invesco QQQ Trust ETF ([NASDAQ:QQQ](#)) is a fund that seeks to provide you with long-term capital gains by replicating the performance of the NASDAQ 100 Index. The fund invests in and holds securities in proportion to their weightings in the underlying index. The NASDAQ 100 Index includes 100 of the largest U.S.-listed and international non-financial companies listed on the NASDAQ stock market, based on market capitalization.

While the fund is not explicitly tech-focused, Invesco QQQ ETF's top holdings are some of the top U.S.-listed tech companies today. QQQ ETF is a low-cost fund with an MER of 0.20%. Its top holding is **Apple Inc.**, accounting for 11.64% of its asset allocation. **Microsoft stock** is its second-largest holding, accounting for 10.09% of its asset allocation. **Amazon.com** stock is its third-largest holding, accounting for 6.76% of its asset allocation.

Foolish takeaway

Before you invest in the tech sector, it is important to understand that the risk still exists. The tech sector sell-off might be wearing off at writing, but the industry could face more short-term challenges in the coming weeks. Make sure that you consider the risks of investing in sector-specific equity funds.

If you have a long investment horizon and are bullish on the performance of the tech sector, iShares XIT ETF and Invesco QQQ ETF could be [excellent investments to consider](#) adding to your investment portfolio.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:QQQ (PowerShares QQQ Trust, Series 1)
2. TSX:XIT (iShares S&P/TSX Capped Information Technology Index ETF)

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