TFSA Growth Investors: 1 Top Tech Investment to Buy After the Meta Platforms' Plunge

Description

TFSA investors don't need to swing at the endless number of pitches thrown by Mr. Market these days. Indeed, 2022 has been incredibly volatile, to say the least. Undoubtedly, February 2022 has seen vicious market swings take it to the next level. Not only are the S&P 500 and Nasdaq 100 attempting to heal from a brutal January correction, but some of the swings we've witnessed have just been out of this world.

It's not just speculative tech stocks with zilch to show on the earnings front, either! Profitable mega-cap tech titans have taken a punch straight to the gut. Undoubtedly, big-cap firm **Meta Platforms** (NASDAQ:FB) (some may consider the name a value play, given the colossal cash flows it still generates) shocked the world when it crumbled like a paper bag following its lacklustre earnings results. Were they really that bad? And why is it trading like some sort of penny stock? Indeed, the 26% single-day plunge was horrific for any investor to wake up to.

Meta Platforms plunge drags tech sector lower

Many investors own the top stock in their portfolios. To have such a titan blow up like that is absolutely shocking. Indeed, the damage may or may not be overdone. In any case, blue chips don't seem nearly as blue today as they used to. Tech is going to probably continue taking it to the chin. And that's why investors should pick and choose their spots very carefully. Volatility is scary right now. But for those with a bit of cash on the sidelines? It's a magnificent time to deploy extra capital to work in names that you believe are trading at gigantic discounts to their intrinsic value.

I think Meta could face further punishment, as investors turn on tech. The social-media kingpin is dragging this market down in a big way. Even the firms that blew away the estimates are retreating. Whether Meta brings us right back to the lows (or lower) remains to be seen. Regardless, do be selective and insist on a margin of safety that's wider than normal to help you keep you afloat in this choppy market.

In this piece, we'll have a look at one simple ETF for Canadian TFSA investors to capitalize on the Facebook fumble (or Meta Platforms plunge) that sent shockwaves across the broader markets on Thursday. While the TSX Index was steadier, falling just 1.3% versus the Nasdaq 100, which fell around 4.3%, the Canadian tech sector was hit rather hard in sympathy with Meta's shocking flop.

XIT: A Canadian tech ETF that could bounce

Take the **iShares S&P/TSX Capped Information Technology Index ETF** (TSX:XIT), a fine one-stop-shop of all TSX tech. The ETF imploded, shedding 4.7% of its value on Thursday. Year-to-date, XIT is down nearly 15%. That's excessive, to say the least. Currently down just shy of 30%, I believe XIT is a bargain for growth hunters looking to add a bit of hot sauce to their TFSAs. Now, XIT isn't necessarily the least risky play in the tech space. Some holdings are still a tad expensive, with meagre earnings, leaving them vulnerable to a further correction on the back of rising rates.

That said, I do like what's under the hood of XIT. The EFT owns many intriguing Canadian tech firms, including **Shopify** and **Constellation Software**, two crowd favourites. My only knock against the ETF is its heavy exposure to those two companies, which comprise over 40% of holdings at writing. If it were more equal-weighted, I'd back up the truck. Still, if you don't mind paying a 0.61% MER for broader, albeit concentrated, exposure to Canada's tech scene, you could consider being a buyer of the name here.

It's oversold, and the big tech names keeping the XIT afloat are of high quality. Forget Silicon Valley. Canada has innovative tech, and you can bet on its bounce back in late-2022 with XIT.

CATEGORY

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

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joefrenette