2 ETFs to Take Full Advantage of the Tech Crash

Description

Few sectors in Canada can match the volatility and energy of the tech sector. It was one of the earliest to recover after the 2020 crash and one of the first sectors that went through a post-pandemic correction after the recovery momentum pushed the sector too high. And while it was well on its way to an organic recovery, the sector is currently crashing.

So far, it has fallen over 27% since the 2021 peak. And it's not just on this side of the border. The tech-heavy NASDAQ has fallen over 12.5% since its December valuation. The most heavily falling giant there is **Meta**, and it's **Shopify** here in Canada; Shopify has fallen 51.9% from its last peak.

However, you may not be looking to add a specific tech company to your portfolio. And if you still want to take advantage of the tech crash, tech ETFs are amazing options to consider.

A niche tech ETF

First Trust Cloud Computing ETF Fund (TSX:SKYY), as the name suggests, is built around a specific tech niche — cloud computing. The ETF is created by the U.S.-based First Trust and tracks a specific index (ISE CTA Cloud Computing Index), which is made up of more than just pure cloud-based companies. The top holdings of the ETF include familiar tech names like **Alphabet**, **Alibaba**, and **Microsoft**.

The ETF has recently fallen about 23% since its November peak, but it has been relatively stagnant for the last five years. However, the long-term growth potential of the ETF is quite promising. If you had invested in the fund at the time of its inception (2011), you would have grown your capital over 470% by now.

And buying it now, at its discounted price, can help you achieve similar growth in the future. It's an ETF worth considering, even with its 0.6% expense ratio.

A broad-market index

If you are looking to gain exposure to the US's tech-heavy NASDAQ, one ETF to consider is **Invesco NASDAQ 100 Index ETF** (TSX:QQC). As the name suggests, it tracks the performance of the NASDAQ-100 Index, which is made up of the top 100 players in NASDAQ. That includes most of the U.S. tech giants and a well-diversified (within the sector) selection of other tech companies.

However, since a handful of companies make up the bulk of the index's weight, their performance can sway its movement. But that's a risk you will have to take with most U.S.-tech or NASDAQ-oriented ETFs. The fund has traced the value of the underlying index quite faithfully since inception, and it can be a powerful addition to your portfolio, especially at its current 12.5% discounted price.

Foolish takeaway

The tech sector is going through a brutal bearish phase right now, but the bear market will not last for long. You should keep an eye on the sector for an even better window to buy before the sector goes bullish again.

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