2 High-Growth Technology ETFs to Hold in Your TFSA

Description

2022 really hasn't been a great year for growth stocks, especially those from the previously high-flying technology sector.

High inflation has prompted numerous central banks to hike interest rates, which has depressed the share prices of high-valuation stocks.

Supply-chain issues have impacted the production lines of many tech companies, especially in the semiconductor subsector.

High-profile FAANG companies like **Meta Platforms** (Facebook) and **Netflix** have missed earnings expectations numerous times, with their share prices cratering 25% or more each time.

With this in mind, it's important to remember the old saying: "Be greedy when others are fearful and fearful when others are greedy."

Investors are great at piling in during a bull market, but few have the courage to buy beaten-down stocks during a correction. For this reason, the tech sector dip could be a great buy right now, especially using an exchange-traded fund (ETF).

The Canadian tech sector

The Canadian tech sector has been hit hard recently. To buy the dip, try **iShares S&P/TSX Capped Information Technology Index ETF** (TSX:XIT). XIT holds a total of 24 stocks from Canada's technology sector and costs a management expense ratio (MER) of 0.61% to hold.

The largest holdings in XIT are down significantly from all-time highs. Namely, **Shopify** and **Constellation Software** are down 66% and 8% year to date, respectively. If you're looking to make a bet on Canada's largest tech stocks, XIT is perfect, as over 50% of the ETF are in those two stocks.

XIT also holds companies like **Open Text**, **CGI**, **Nuvei**, **Lightspeed Commerce**, and **BlackBerry** in smaller portions. Many of these stocks are down 40% YTD or more as well. Buying XIT could be a great way to establish a low entry price on some fantastic TSX tech sector stocks.

The U.S. (and global) tech sector

Investors looking south of the border can buy **TD Global Technology Leaders Index ETF** (TSX:TEC). Year to date, TEC is down over 19%, trading significantly below its 52-week high of $31.63. This ETF tracks the Solactive Global Technology Leaders Index and costs an MER of just 0.35%.

The ETF currently holds a total of 295 global tech stocks, with a concentration in North America. 85% of TEC is in U.S. large-cap tech stocks such as **Apple**, **Microsoft**, **Amazon**, **Tesla**, **Alphabet**, **NVIDIA**, and **Meta Platforms**, while the remaining 15% comes from large-cap stocks in Europe, Japan, and Canada.

TEC has become one of the most popular passively managed technology sector ETFs in Canada thanks to its broader global diversification and lower expense ratios. The ETF has attracted $1.29 billion in assets under management and has a good volume traded daily.

The Foolish takeaway

Investors still bullish on the tech sector can buy XIT or TECH for concentrated exposure. In a TFSA, this could potentially lead to high tax-free gains. However, be aware that this is a high-risk, high-reward play.

While it is unlikely that the tech sector will go bankrupt, there is a chance that it can crash and underperform for years, like during the dot-com bubble. This is a very real risk that has occurred before.

Therefore, if you want to buy the dip, be prepared for high volatility. However, the present correction has been substantial and buying now could be a great way to lock in a low cost basis.

CATEGORY

1. Investing
2. Tech Stocks

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

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