3 ETFs That Have Fallen Over 30% in 2022

Description

Different sectors in the market behave differently, and that's true at any given time. Even when the market is crashing, not all sectors fall at the same pace or to the same depth. The same is valid for recovery and bullish phases. And it's the same for stocks within a sector.

Even when a sector is falling, not all constituents fall equally hard. That's one of the reasons why they fall off an index might not be an accurate representation of individual discounts within the sector. That's also why exchange-traded funds (ETFs) usually never fall as hard as individual sectors do, since they are made up of multiple assets.

However, you sometimes get to buy ETFs at discounts as hefty as 30%, and if they are the right fit for your portfolio, in the long run, you should consider taking advantage of the discount.

An automobile ETF

Evolve Automobile Innovation Index Fund (TSX:CARS) focuses on innovations in automobiles, which might make most people think that it's purely a basket of EV companies, but it's not. The 54 holdings within the ETF are quite a diversified bunch of tech companies whose primary focus is vehicles. These holdings also include a decent number of semiconductor companies.

Another major point in the ETF's favour is its robust diversification. The securities hail from 13 different countries and four sectors, including tech. The ETF has proven to be a powerful grower before and after the pandemic.

It rose roughly 60% in 2019 alone and over 270% during the post-pandemic spike in less than a year. The fall has been just as hard — 40% since the last peak and about 32.6% in 2022 alone. It might not be the most prudent choice for investors looking for low-risk ETFs.

An internet-focused ETF

First Trust Dow Jones Internet ETF (TSX:FDN) is another fund that's currently quite brutally discounted. In 2022, the ETF has fallen over 35% already, and it's not showing any signs of stopping. The fund aims to replicate the performance of the Dow Jones Internet Index and is currently composed of 42 holdings, including all the top names in the U.S. tech (**Amazon**, **Alphabet**, **Meta**, etc.).

The fund has a relatively high expense ratio — i.e., 0.51% — but it seems justified considering the growth potential. If you had invested in it when it started (2006), you would have grown a $1,000 to well over $12,000 at its peak. Even now, when it's available at a hefty discount, your original holding would be up six-fold in less than two decades.

A U.S. tech giant ETF

If you are only looking to gain exposure to a small number of assets, say six tech giants of the U.S., **Evolve FANGMA Index ETF** (TSX:TECH) is the ETF for you. It's composed of the six largest tech companies, which can be highly profitable in the right market, which the current market is not. The ETF only started a year ago in May 2021.

And since the tech giants of the U.S. and the tech sector in Canada are experiencing a sharp decline, the ETF's existing performance history is mainly in the red. It has slipped almost 37% in 2022 alone. And if you buy at the absolute depth of the dip, you may enjoy the powerful growth that usually follows such hard crashes.

Foolish takeaway

If you follow the common theme in these ETFs besides the discount, it would be the tech sector. The most volatile sector is currently experiencing a harsh bearish trend. And while it might not be ideal for investors that are experiencing their tech-heavy portfolios sinking, it's also the perfect time to add to your portfolio.

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1. Investing
2. Tech Stocks

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1. NYSE:CARS (Cars.com Inc.)
2. TSX:TECH (Evolve FANGMA Index ETF)

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