



## 2 Tech Sector ETFs to Buy for a Recovery

### Description

The Canadian tech sector has recently started recovering from a brutal correction, though the **TSX IT Index** is still over 41% down. The correction was harsh enough to put the index below pre-pandemic levels for a while. And the recovery may not be on the same scale as the rapid post-pandemic recovery, but it might be more stable and long-term.

And the Canadian tech sector was not alone in this regard. US and European sectors were down as well, though not as much as the Canadian sector. But they are all recovering now. If you can't identify the right [tech stocks](#) to buy for this recovery, a good idea would be to invest directly in the tech sector – through the right ETFs.

### A Canadian tech sector ETF

Blackrock's **iShares S&P/TSX Capped IT Index ETF** ([TSX:XIT](#)) gives you faithful exposure to the Canadian tech sector. In the last five years, the ETF has only deviated from the benchmark index by 0.4%. And thanks to the strong growth that the tech sector has displayed, the ETF's returns have been phenomenal.

In the last 10 years, which include the explosive post-pandemic growth followed by a brutal correction that all but nullified most of the post-pandemic gains, the ETF has returned over 560% to its investors. And if we disregard the whole post-pandemic fluctuation, the tech sector and this tech sector ETF have outperformed the market by a massive margin.

The ETF is keeping pace with the index/sector in recovery as well and is already up 16% since mid-June. So you may consider moving in before the discount entirely goes away.

### An international tech sector ETF

If you are looking for more international exposure to the tech sector, the **TD Global Technology Leaders Index ETF** ([TSX:TEC](#)) might be a better fit for you. The ETF tracks the index of the same

name, created by Solactive, and is currently made up of 285 tech companies from around the world. However, over 85% of the fund's weight comes from US tech giants alone and only 1% from Canadian tech companies.

The top three companies alone make up more than a third of the total index's weight. This heavy US lean is not necessarily bad, as US tech companies tend to be rapid growers when the markets are healthy. This fund has returned 60% in the last three years alone, and that's while it's still recovering from the recent fall and is down 24% from its 2021 peak.

And if it stays bullish for the next decade, the overall returns might be on par with or even better than the Canadian tech sector ETF.

## Foolish takeaway

The two ETFs can offer you market-beating returns if you hold them long-term in your portfolio and are not shaken by temporary dips like the one the tech sector is currently recovering from. There is adequate diversification within the sector, though it's still more volatile than the market as a whole and when compared to other, more conservative sectors like financials.

### CATEGORY

1. Investing
2. Tech Stocks

### TICKERS GLOBAL

1. TSX:TEC (TD Global Technology Leaders Index ETF)
2. TSX:XIT (iShares S&P/TSX Capped Information Technology Index ETF)

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**Author**

adamothonman

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