

AI-03404 FTEC ETF Inflow Analysis

Owner	© Rigel Arcayan
Tags	Investing
Created time	@January 23, 2026 6:21 AM

"Analyze FTEC ETF's firm-level assets and investment flows, including AUM trends, sector allocation, and investor sentiment. Provide insights on its suitability for investors seeking tech exposure and its potential role in a diversified portfolio."

Here's a detailed **analysis of FTEC (Fidelity MSCI Information Technology Index ETF)** covering **firm-level assets, investment flows, AUM trends, sector allocation, investor sentiment, and suitability for various investor profiles** — including how it might fit into a diversified portfolio.

Stock market information for Fidelity MSCI Information Technology Index ETF (FTEC)

- Fidelity MSCI Information Technology Index ETF is a fund in the USA market.
- The price is 224.92 USD currently with a change of 1.70 USD (0.01%) from the previous close.
- The latest open price was 225.86 USD and the intraday volume is 287363.
- The intraday high is 226.0 USD and the intraday low is 223.95 USD.
- The latest trade time is Friday, January 23, 06:03:45 +0800.

Price is current as of January 22, 2026 (USA market data).

1. Firm-Level Assets & AUM Trends

- **Assets Under Management (AUM):** FTEC has roughly **~\$16–17 billion in AUM**, making it a **mid-sized sector ETF** relative to flagship tech ETFs like XLK or

VGT. ([Zacks](#))

- **Trend:** Over the past few years, AUM has grown steadily as investors sought sector-specific exposure to technology, supported by market gains in large tech stocks and broader equity inflows into passive ETFs. FTEC's low cost and transparent index tracking have helped it attract assets. ([Zacks](#))
- **Flows Context:** While firm-specific flow data for FTEC isn't regularly published, technology sector ETFs have generally **seen strong net inflows**, particularly during periods of enthusiasm around AI and cloud computing themes, highlighting broad investor demand within tech. ([Financial Times](#))

Insight: AUM growth reflects both **market appreciation** and steady investor commitments to passive tech exposure, though FTEC's scale still trails the largest tech ETFs — which can impact liquidity and bid-ask dynamics.

2. Sector Allocation & Holdings Structure

Core Exposure

FTEC is a **pure technology sector ETF**, tracking the **MSCI USA IMI Information Technology Index**:

- Nearly **100 % in technology equities**, with minimal exposure to other sectors. ([Zacks](#))
- **~290 total holdings** provide diversification across large, mid, and small-cap tech companies. ([StockAnalysis](#))

Top Holdings & Weighting

The ETF is *market-cap weighted*:

Company	Approx. Weight
NVIDIA (NVDA)	~17.4 %
Apple (AAPL)	~14 %
Microsoft (MSFT)	~11.4 %
Broadcom (AVGO)	~4.4 %
Palantir (PLTR)	~1.9 %

- The **top 10 holdings account for ~57 % of total AUM**, signaling meaningful concentration in large technology firms. ([Zacks](#))
- Sub-industry breakdown (from Fidelity literature) further shows sub-categories like semiconductors, software, hardware, and services well represented. ([institutional.fidelity.com](#))

Insight: FTEC offers a *broad slice of the tech sector*, but with a **significant tilt toward mega-cap and higher-growth names**, which drives performance but also concentration risk.

3. Performance, Risk & Investor Flows

Performance Metrics

- Historically, FTEC has delivered **strong returns during tech rallies**, driven by gains in major holdings like NVDA, MSFT, and AAPL. ([Zacks](#))
- Volatility is moderate-to-high with a **beta above 1**, reflecting sensitivity to equity market swings. ([Nasdaq](#))

Flows & Sentiment Influence

- While specific net flow data for FTEC isn't always reported publicly, the *tech sector broadly* has captured a large share of ETF inflows in recent periods, especially as AI and digital transformation themes attract capital. ([Financial Times](#))
 - **Investor sentiment** in tech shows dual impulses: some tactical rotational flows are defensive (with cautious sentiment in parts of 2025), **yet growth-oriented tech remains a key allocation target**, especially for long-term growth investors. ([AlInvest](#))
-

4. Investor Sentiment & Market Positioning

Market Narrative

- Tech innovation themes (AI, cloud, semiconductors) continue to fuel **investor enthusiasm** within this sector. Funds like FTEC benefit from that narrative but

can also draw risk capital quickly in downturns. ([LinkedIn](#))

- Broader sentiment indicators show **mixed positions**, with some defensive flows into utilities or value categories, reflecting cautious traders even as tech retains structural appeal. ([State Street Global Advisors](#))

Community/Investor Views

Independent investor discussions reflect:

- Recognition of FTEC's **low cost and broad tech exposure**.
- Some caution about **concentration in a few mega-cap names**, inspiring alternatives or complements like equally weighted tech ETFs or broader growth funds. ([Reddit](#))

5. Suitability for Investors

Pros

- ✓ **Low expense ratio (0.08 %)** — cost-efficient for long-term investors. ([Zacks](#))
- ✓ **Broad technology exposure** — across hardware, software, semiconductors, services. ([institutional.fidelity.com](#))
- ✓ **Diversification within tech** — many holdings beyond just mega-caps. ([StockAnalysis](#))

Cons & Risks

- ▲ **High sector concentration** — limited downside protection in market corrections. ([TipRanks](#))
- ▲ **Top-heavy weighting** — a handful of names drive a large share of performance. ([Zacks](#))
- ▲ **Liquidity & scale** — smaller AUM than the largest tech ETFs may result in wider spreads and less depth in stress conditions. ([Alinvest](#))

6. Role in a Diversified Portfolio

As a Core Growth Allocation

FTEC can be a *meaningful core for technology exposure* within a larger diversified strategy:

- **Allocation idea:** 5–20 % of portfolio (depending on risk tolerance) alongside broad market, fixed income, and international components.
- Works well to **complement broad market ETFs** (e.g., S&P 500 or total market) while retaining exposure to tech growth drivers.

Balance Considerations

- Pairing with **value or defensive assets** (bonds, real estate, commodities) can temper volatility.
- Investors seeking *less concentration risk* might consider alternatives or add additional thematic ETFs (e.g., AI-specific or global tech variants).

Bottom Line

FTEC is a well-structured, cost-efficient vehicle for gaining broad U.S. technology sector exposure. Its **AUM growth and consistent holdings structure** reflect strong investor interest in tech growth themes. However, **concentration risk and sensitivity to market cycles** mean it's better suited as a **strategic growth sleeve within a diversified portfolio** rather than the centerpiece of an entire equity allocation — especially for risk-averse or balanced investors.

If you want deeper insights on alternatives/benchmarks (e.g., comparisons with XLK, VGT, or global tech ETFs), I can provide that too.

Tabulate FTEC vs NDX vs SPX CAGR and go back a decade. Use table format

1. Definition

CAGR stands for **Compound Annual Growth Rate**.

It's a **measure of the mean annual growth rate of an investment over a period of time, assuming the investment grows at a steady rate compounded annually**.

In simple terms, it answers the question:

“If my investment had grown at the same rate every year, what would that rate be?”

2. Formula

The formula is:

$$\left[\text{CAGR} = \left(\frac{\text{Ending Value}}{\text{Beginning Value}} \right)^{\frac{1}{n}} - 1 \right]$$

Where:

- **Ending Value** = value of the investment at the end of the period
- **Beginning Value** = value at the start of the period
- **n** = number of years

3. Step-by-Step Example

Suppose you invested **\$10,000** in FTEC 10 years ago and it's now **\$76,000**.

1. Identify values:

- Beginning Value = 10,000
- Ending Value = 76,000
- n = 10 years

2. Apply formula:

$$\left[\text{CAGR} = \left(\frac{76,000}{10,000} \right)^{\frac{1}{10}} - 1 \right]$$

$$\left[\text{CAGR} = (7.6)^{0.1} - 1 \right]$$

$$\left[\text{CAGR} \approx 1.234 - 1 \right]$$

]
[
\text{CAGR} \approx 0.234 \text{ or } 23.4%
]

✓ This matches the approximate 10-year CAGR of FTEC we discussed earlier.

4. Why CAGR is Useful

- **Smooths out volatility:** It ignores short-term ups and downs, giving a “smoothed” annual growth rate.
 - **Compares investments:** Helps you compare growth rates of different investments over time.
 - **Projects future growth:** Can be used to estimate how fast an investment may grow if it continues at the same rate.
-


5. Important Note

- CAGR **does not show actual yearly returns**, only the average annualized growth.
 - Real returns can fluctuate **above or below CAGR each year**.
-

If you want, I can also **visualize CAGR vs actual yearly returns** for FTEC, NDX, and SPX over the last 10 years — it’s a great way to see the difference between smooth growth and volatile yearly swings.

Do you want me to do that?

Here’s a **comparison of 10-year compound annual growth rates (CAGR)** for **FTEC (Fidelity MSCI Information Technology Index ETF)**, the **Nasdaq-100 (NDX)**, and the **S&P 500 (SPX)** — based on the most recent available data (as of early 2026). ([FinanceCharts](#))

 **10-Year CAGR Table (Annualized Total Return)**

Index / ETF	Approx. 10-Year CAGR	Notes / Source
FTEC (Fidelity MSCI IT ETF)	~23.4 %	Total Return CAGR including dividends (Jan 2016–Jan 2026) from performance data. (FinanceCharts)
Nasdaq-100 (NDX)	~16.0 % – 18.0 %	Nasdaq reports a long-term outperformance vs. S&P 500 over 18+ years implying ~16 % CAGR; financial data for representing Nasdaq-100 style ETFs (like QQQM) also show ~15.8 %–18 % for a 10-yr period. (Nasdaq)
S&P 500 (SPX)	~11 % – 12 %	Based on total return estimates for the S&P 500 over the past decade including dividends. (TraderSuggest)

Summary

- **FTEC** has delivered *significantly higher 10-year CAGR than broad market and major index benchmarks*, owing to its concentrated tech exposure and strong performance of large tech names. ([FinanceCharts](#))
- **Nasdaq-100 (NDX)**, which is heavily tech-oriented, also outpaced the S&P 500, though its 10-year CAGR tends to be lower than FTEC's over the same period. ([Nasdaq](#))
- **S&P 500 (SPX)** — being broader and more diversified — shows a more moderate annualized return over the past decade. ([TraderSuggest](#))

Notes on Interpretation

1. **FTEC vs NDX:** Both are tech tilted, but FTEC's benchmark (MSCI IT) is *even more focused on information technology* than the Nasdaq-100, which includes consumer discretionary and other sectors alongside tech — potentially explaining FTEC's higher 10-yr CAGR. ([FinanceCharts](#))
2. **NDX proxy vs actual:** Official NDX index return data isn't always published in ETF form, so QQQM's ETF figures are a practical proxy for Nasdaq-100 10-yr performance. ([FinanceCharts](#))
3. **SPX broader context:** Index performance estimates vary slightly by data source, but total return including dividends over the last decade consistently

sits around *low-teens CAGR*. ([TraderSuggest](#))

If you'd like, I can extend this to include **rolling CAGR ranges** or show **absolute cumulative returns** over the same period (e.g., growth of \$10,000).