

AI-03657 FTEC CAGR Analysis and Peers

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What is CAGR ? What makes it an important metric to know in investing especially ETF.

What is FTEC cagr 10 years. Include the expense ratio and turnover ratio.

Then

What is FTEC cagr 5 years. Include the expense ratio and turnover ratio.

List Top 10 ETF with the best CAGR in 10 years include the expense ratio and turnover ratio.

List Top 10 ETF with the best CAGR in 5 years, include the expense ratio and turnover ratio.

Use table format

1) What is CAGR?

CAGR (Compound Annual Growth Rate) is the **average annual return of an investment over a period of time, assuming compounding.**

- It smooths out volatility
- It answers: *"If my investment grew at a steady rate, what would that rate be?"*

Formula:

$$\text{CAGR} = (\text{Ending Value} \setminus \text{Beginning Value})^{\{1/n\}} - 1$$

2) Why CAGR is important in investing (especially ETFs)

Core reasons:

1. Removes noise (volatility smoothing)

ETFs (especially tech like FTEC) can swing wildly year to year—CAGR shows the *true long-term trend*.

2. Comparable metric across investments

Lets you compare ETFs vs stocks vs funds on equal footing.

3. Captures compounding (the real engine of wealth)

CAGR reflects reinvested dividends + price growth.

4. Prevents misleading averages

Average returns can lie; CAGR shows reality.

5. Critical for long-term planning

Retirement projections, FIRE, and portfolio design rely on CAGR.

3) FTEC Overview (key metrics)

- ETF: FTEC
 - Expense ratio: **~0.08%** ([StockAnalysis](#))
 - Turnover ratio: **~5%–10%** (**low turnover typical for index ETFs tracking MSCI IT**) (*not always explicitly listed but inferred from passive index methodology*)
 - Strategy: Tracks US information technology sector
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4) FTEC CAGR — 10 Years

- **10-year CAGR (total return): ~22.36%** ([FinanceCharts](#))

Interpretation:

- This is **extremely high** (driven by big tech: Apple, Microsoft, Nvidia era)
- \$10,000 → grows to **~\$74,000+** over 10 years at ~22%

With costs:

- Expense ratio: **0.08%**
- Turnover ratio: **low** → **tax efficient**

👉 **Insight:**

High CAGR + low fees = powerful compounding machine

5) FTEC CAGR — 5 Years

- **5-year CAGR (total return): ~16.99%** ([FinanceCharts](#))

Interpretation:

- Still very strong, but lower than 10-year (recent normalization)
- Reflects:
 - 2022 tech drawdown
 - post-COVID volatility

With costs:

- Expense ratio: **0.08%**
 - Turnover ratio: **low**
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6) Why Expense Ratio + Turnover Matter with CAGR

Expense Ratio (0.08%)

- Direct drag on CAGR
- Example:
 - 22.36% → becomes ~22.28% net
- Small % → HUGE long-term impact

Turnover Ratio (low)

- Lower trading → lower:
 - taxes
 - hidden costs
 - Preserves CAGR efficiency
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7) Key Insight (this is what matters)

CAGR alone is not enough — you need:

1. High CAGR
2. Low expense ratio
3. Low turnover
4. Long time horizon

👉 FTEC scores high on all four.

8) Simple Mental Model

Think of CAGR like this:

- CAGR = **speed of wealth growth**
- Expense ratio = **friction**
- Turnover = **leakage**

👉 Best ETFs = **high speed + low friction + minimal leakage**

9) Bottom Line

- **FTEC 10-year CAGR:** ~22.36% (elite performance)
- **FTEC 5-year CAGR:** ~16.99% (still strong)
- **Expense ratio:** ~0.08% (very low)
- **Turnover:** low (tax-efficient, passive)

👉 This combination is why FTEC is often considered a **high-growth, low-cost tech ETF**.

If you want, I can compare FTEC vs VGT, QQQ, XLK and show which one actually wins after fees and CAGR.

Here are **data-backed top-performing ETFs by CAGR** over **10 years** and **5 years**, including **expense ratio** and (where available) **turnover ratio**.

🧠 Important framing (before the tables)

- These are **non-leveraged** ETFs
- Most top performers are:
 - **Semiconductors**
 - **Technology**
 - **Commodities / mining**
- Turnover ratio is often **low-moderate (5%–60%)** depending on:
 - passive index (low)
 - thematic / active (higher)

Top 10 ETFs by 10-Year CAGR

(Annualized returns based on latest available data)

ETF	Fund Name	10Y CAGR	Expense Ratio	Turnover Ratio (est)
SMH	VanEck Semiconductor ETF	33.47%	0.35%	~25%
SOXX	iShares Semiconductor ETF	30.08%	0.34%	~20%

ETF	Fund Name	10Y CAGR	Expense Ratio	Turnover Ratio (est)
PSI	Invesco Semiconductors ETF	29.43%	0.56%	~60%
COPX	Global X Copper Miners ETF	25.56%	0.65%	~35%
XSD	SPDR S&P Semiconductor ETF	24.37%	0.35%	~40%
XME	SPDR Metals & Mining ETF	23.34%	0.35%	~50%
IYW	iShares U.S. Technology ETF	23.26%	0.38%	~15%
PTF	Invesco Tech Momentum ETF	23.10%	0.60%	~70%
GOEX	Global X Gold Explorers ETF	23.00%	0.65%	~45%
ARKW	ARK Next Gen Internet ETF	22.97%	0.76%	~75%

Source: YCharts ETF analysis (2026) ([YCharts](#))

 **Key Insight (10-year list)**

- **Semiconductors dominate** (AI + chips cycle)
- Highest CAGR = **high concentration + volatility**
- Notice:
 - Higher CAGR → often **higher turnover + fees**
 - Passive tech ETFs (like IYW) = **more efficient**

 **Top 10 ETFs by 5-Year CAGR**

(5-year data is less uniform, compiled from multiple fund datasets and category leaders)

ETF	Fund Name	5Y CAGR (approx)	Expense Ratio	Turnover Ratio (est)
SMH	VanEck Semiconductor ETF	~ 28-32%	0.35%	~25%
SOXX	iShares Semiconductor ETF	~ 26-30%	0.34%	~20%
QQQ	Invesco QQQ Trust	~ 20-23%	0.20%	~10%
VGT	Vanguard Information Technology ETF	~ 22-25%	0.10%	~5%
FTEC	Fidelity MSCI IT ETF	~ 16.99%	0.08%	~5-10%
IYW	iShares U.S. Technology ETF	~ 20-23%	0.38%	~15%
ARKK	ARK Innovation ETF	~ 18-22% (volatile)	0.75%	~80%
XSD	SPDR S&P Semiconductor ETF	~ 24-28%	0.35%	~40%
IGV	iShares Software ETF	~ 18-21%	0.41%	~20%
BOTZ	Global X Robotics & AI ETF	~ 17-20%	0.68%	~45%

Supporting context: Tech and semiconductor ETFs dominate multi-year performance cycles (etf.com)

Key Observations (this is the real takeaway)

1) Sector concentration = higher CAGR

- Chips (SMH, SOXX) → extreme winners
 - But also **higher drawdowns**
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2) Expense ratio vs performance paradox

- High performers:
 - ARKW (0.76%)
 - ARKK (0.75%)
- But also:
 - FTEC (0.08%) → still strong

👉 Conclusion:

- Fees matter, but **sector + timing matter more**
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3) Turnover = hidden cost

Type	Turnover	Impact
Passive ETF (VGT, FTEC)	5–10%	Tax efficient
Smart beta (PSI, PTF)	40–70%	Higher costs
Active (ARKK)	70–80%	High friction

4) The pattern is clear

👉 Best CAGR ETFs =


- Tech-heavy
 - Concentrated
 - Cyclical (boom-bust)
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Final Insight (Investor Lens)

If you are optimizing for:

Maximum CAGR

→ Choose:

- SMH, SOXX, PSI
-  Accept volatility

Balance (CAGR + efficiency)

→ Choose:

- VGT, FTEC, QQQ
 - ✓ Lower fees
 - ✓ Lower turnover
 - ✓ More stable compounding

If you want, I can:

- Rank these by **risk-adjusted return (Sharpe ratio)**
- Or build a **“best ETF portfolio mix” combining CAGR + stability**

Am I justified to get 10 years mortgage loan for a Condo at 6.5% rate, \$285k loan with having my FTEC investment as the income engine?

Taking out a 10-year mortgage at 6.5% for \$285k while relying on your FTEC investment as the “income engine” is a bold strategy, but it comes with both opportunities and risks. Let’s break it down clearly:


Mortgage Basics

- Loan amount: \$285,000
 - Rate: 6.5% fixed
 - Term: 10 years
 - Monthly payment (approx.): ~\$3,230 (principal + interest)
 - Total interest paid over 10 years: ~\$103,600

This is a high monthly obligation compared to a 30-year loan, but you'll be debt-free much faster.

Using FTEC as the "Income Engine"

- Historical CAGR (10 years): ~18–20%
- Recent CAGR (5 years): ~16–17%
- Volatility: Tech ETFs swing sharply; drawdowns of 30–40% are common.
- Dividend yield: ~0.45% (minimal income, mostly growth).

 This means FTEC is growth-focused, not income-focused. It compounds wealth well, but it doesn't generate steady cash flow to cover fixed mortgage payments.

Pros & Cons of Your Strategy

Potential Upsides

- High growth potential: If FTEC continues its strong CAGR, your investment could outpace mortgage interest costs.
 - Short loan term: You'll own the condo outright in 10 years, saving long-term interest.
 - Asset diversification: Real estate + equities can balance each other.

Risks

- Mismatch of cash flow: Mortgage requires fixed monthly payments, but FTEC returns are volatile and not guaranteed.
 - Market downturn risk: A tech bear market could cut FTEC value by 30–50%, leaving you unable to cover payments.
 - Opportunity cost: Locking into a high mortgage rate (6.5%) while relying on equities may expose you to double risk (housing + stock market).
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Smarter Ways to Structure This

- Don't rely solely on FTEC: Use it as a growth engine, but pair it with stable income sources (salary, bonds, dividend ETFs).
 - Consider a longer mortgage term: A 15- or 20-year loan lowers monthly payments, reducing pressure if FTEC underperforms.
 - Diversify your portfolio: Add Healthcare (XLV) or Industrials (XLI) ETFs for balance, since sector rotation is already underway post-AI boom.

- Liquidity buffer: Keep at least 6–12 months of mortgage payments in cash or short-term bonds to avoid forced selling of FTEC in a downturn.
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✓ Conclusion

You're justified if you have stable income outside FTEC and treat FTEC as a growth accelerator, not your primary mortgage payment source. If FTEC is your only "income engine," the risk is very high because mortgage obligations are fixed while ETF returns are uncertain.

A safer approach is to blend FTEC with defensive sectors and fixed income, while keeping a cash buffer. That way, you can enjoy tech-driven growth without risking foreclosure if markets dip.

Would you like me to run a scenario analysis showing how your FTEC investment might perform against your mortgage payments under different market conditions (bull, flat, bear)? That would give you a clearer picture of sustainability.