Investing in Data? Consider These Top Tech Stocks

Description

It's hard to know who has what information on anyone these days, with everyone from our banks to our social media apps to the stores we visit seemingly collecting every piece of data we give them. But while tech has its fans, how many investors focus on Big Data?

As an investment area, Big Data has some appeal, with online privacy and AI leading the tech debate and driving both legislation and innovation in the fields of finance, retail, and social networking, and beyond. The following three stocks represent some of the best options from loyalty analytics to one ubiquitous search engine.

Aimia (TSX:AIM)

Any TSX index investor looking for a data-driven marketing company involved with loyalty analytics should look no further than Aimia. Up 2.67% in the last five days at the time of writing, Aimia is on a roll at the moment. It had a great year, with returns of 122.5%, and an earnings-growth rate of 83.8% for the same 12 months.

Selling at a 40% discount off the future cash flow value, Aimia is undervalued at the moment, though a projected drop of 9.4% in earnings may put off the avid growth investor. Its 30.5% five-year earnings average denotes a strong track record, however, while some inside buying over the past 12 months suggests that confidence is high among Aimia insiders.

Alphabet (NASDAQ:GOOGL)(NASDAQ:GOOG)

Who in the field of data and marketing hasn't used Google Analytics? For many in the realm of digital strategy, it's a next-to-indispensable resource and the most-used analytics tool on the internet. Still known to the layperson as good old Google, Alphabet is one of the leaders in data collation and distribution and an obvious choice for the investor looking for stocks pertaining to big data and digital marketing.

Another stock that's following the "valley effect" that's seeing big-name tech stocks that fell in the fall steadily rising since the start of 2019, one might expect more than 13% returns for the last 12 months, though Alphabet's 142.7% rise in earnings is certainly impressive. However, before we get around to Alphabet's market ratios, let's hear from one of its fellow FAANGs.

Facebook (NASDAQ:FB)

With one-year returns of just 3.6%, you'd think this once mighty stock might have wandered into obscurity from its data alone; however, the news (and our devices) tell a different story, with the ubiquitous social media platform continuing to permeate the online landscape. Its one-year past earnings growth of 38.9% feels more like the track record of a "normal" stock than one of the elite FAANGs.

Facebook's ROE of 26% for the same period seems like it would be more at home on the TSX index than the high-flying NASDAQ, while a P/E of 21.6 times earnings and P/B of 5.6 times book meet a moderate 11.3% expected annual growth in earnings to delineate a once rocket-fuelled tech stock that may be heading back down to Earth at last. That said, Facebook is still selling at 34.57% higher than its 52-week low, so there's some way to go yet.

The bottom line

With a clean balance sheet though modest 12.9% expected annual growth in earnings, investors looking for value may want to look beyond Alphabet's P/E of 26.5 times earnings and P/B of 4.6 times book. While negative shareholder equity may be an issue with Aimia, the TSX index choice on the list has a sturdy track record while facing none of the PR hiccups currently attracting the wrong kind of attention to its peers.

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