



3 Top Augmented Reality Stocks to Buy Right Now

Description

Augmented reality (AR) really hit the mainstream during the summer of 2016 when the *Pokemon Go* craze captured the attention of, well, almost everyone. Today the technology is expected to achieve a market value of \$83 billion by 2021.

So pervasive is AR now that investors can tap into the field's leading [technology stocks](#) in myriad ways, even beyond the confines of what would normally be considered the field's technology moorings. **Ulta Beauty**, for example, has acquired AR and artificial intelligence start-ups to help customers virtually try on makeup before they buy.

Below are three AR companies that likely fit more closely to what investors might consider an AR stock, so read on to find out why you should consider **Autodesk** ([NASDAQ: ADSK](#)), **Facebook** ([NASDAQ: FB](#)), and **Lumentum Holdings** ([NASDAQ: LITE](#)) for your portfolio.

Constructing the future through AR

No one who has considered the AR space for any length of time is surprised to see Autodesk on the list of stocks to buy. Its [3D rendering software](#) provides designers and creators a platform on which they can transform 2D designs into digital models that are both interactive and immersive, creating more-compelling experiences for end users.

Autodesk has a portfolio of powerful software suites to augment virtually any application, such as 3ds Max, a 3D modeling program; Maya LT game development software; its automotive modeling program VRED; and Forge, a development platform for cloud-based design.

The other thing most investors will associate with Autodesk is a rich valuation. At 54 times next year's earnings, the AR specialist isn't what you'd consider a bargain-basement dweller, but analysts notably believe Autodesk will generate tremendous earnings power, forecasting earnings per share can double in just a few years' time.

It's able to produce prodigious free cash flow, too, making it a stock investors should look at very

closely.

Making AR social

Facebook might not be as tangential to AR as an investor might consider Ulta to be, though it's also not as grounded in the field as Autodesk. Yet many people have likely encountered AR technology on Facebook if they played one of the games it offers, or through Instagram when they used one of the filters.

Facebook has been [investing in AR](#) for years now and is looking to use the technology for more than just fun stuff. It wants to expand its application to [make it more relatable](#) to everything we do, making its platforms even stickier than they already are. In the process, it looks to profit from widening the lens.

Last year it began applying AR to its News Feed, and it lets businesses use it to connect to users of Instagram's Stories. Its acquisition of Oculus five years ago no doubt informs Facebook's development of AR glasses, which it is creating in partnership with **EssilorLuxottica**.

For the many public relations issues that Facebook has, it remains a leader in many different fields, and AR is increasingly becoming one of them. AR has the potential to keep Facebook users wedded to its ecosystem while monetizing them, all the while expanding the ecosystem's borders.

Lumentum has momentum

Lumentum may be one of the leaders of augmented reality that few people have heard about. But when you start delving into the space, its market-leading position in telecom and 3D sensing markets, growing cloud and 5G wireless network deployments, and an improved commercial laser business quickly cause it to rise to the top of people's list.

It had some setbacks earlier this year because of trade issues surrounding its largest customer, Chinese electronics giant Huawei. But that is moving toward a resolution as the U.S. and China inch closer to a trade agreement. And other companies want to use its optical and photonics products to augment their own AR ambitions.

Apple ([NASDAQ: AAPL](#)) has been another customer that has loomed large in Lumentum's growth, and though Apple has spread the wealth by bringing in other key component suppliers such as **Finisar**, it's likely to move in a direction that will require it to throw more business to Lumentum.

Bloomberg recently reported that Apple will be unveiling a new AR headset next year while its iPhone will also feature AR capabilities. There are also plans for using the technology in gaming and more, suggesting Apple will need Lumentum.

Its just-reported earnings blew past analyst sales expectations, and CEO Alan Lowe said "we are seeing strengthening demand for key differentiated products in telecom, datacom, and commercial lasers." Look for Lumentum to gain a much higher profile in the future.

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1. NASDAQ:AAPL (Apple Inc.)
2. NASDAQ:ADSK (Autodesk Inc.)
3. NASDAQ:META (Meta Platforms Inc.)

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