



Top 3 Under-the-Radar Tech Stocks for 2020

Description

The only thing I like more than a [high-growth technology company](#) is a high-growth technology company that no one has ever heard of. Stocks that slip under the radar tend to be undervalued — at least until investors realize their long-term potential and dive into it.

With that in mind, here are three tech companies that are already on a high-growth trajectory and fundamentally mispriced because of their obscurity.

Absolute Software

Absolute Software Corporation (TSX:ABT) isn't a high-flying or exciting tech startup, but it is a profitable, fairly valued, and high-yield dividend stock.

The company provides cybersecurity software to enterprises and is currently well positioned for organic growth as the demand for digital security skyrockets. According to the firm, the amount of money corporations spend to protect critical data will double between 2012 and 2022. Altogether, the industry could be worth US\$134 billion by that time.

Absolute focuses on endpoint security, which means that its software secures laptops, mobile devices and tablets directly used by employees across client firms. This niche of the market is worth \$32 billion. Absolute, meanwhile, is currently worth \$374 million in market capitalization.

Over the past year, the company had 12,000 corporate clients and generated \$98.9 million in revenue, 96% of which was recurring. Meanwhile, the company's gross margin is roughly 84% and the dividend yield is 3.7%.

In other words, it's the perfect combination of an income and growth stock.

Real Matters

After rising 216% last year, **Real Matters** ([TSX:REAL](#)) has certainly caught the attention of plenty of investors. Yet, this remains a niche stock that the average saver may not be aware of.

As the name suggests, the company provides software tools for the real estate sector, specifically platforms that help mortgage and insurance underwriters do their job.

The company's Canadian operations appear to be shrinking, albeit they are more than offset by a rapidly expanding business south of the border. Sales in the U.S. grew 14% for appraisals and 26% for titles, respectively, and revenue was up 14.6% last year.

The firm claims to hold one-fifth of the market for appraisal software in the U.S., while market share is expected to expand by between 15% to 20% over the next year. If it lives up to its growth potential, the stock could steadily move even higher.

At the moment, the stock trades at a forward price-to-earnings ratio of 33, which is justified for its pace of growth.

Altus

Another well-priced real estate technology stock is **Altus Group Limited** ([TSX:AIF](#)). The company provides data solutions and independent advisory services to firms focused on commercial real estate across the world.

Demand for property investment analytics and expert consultations has been fairly robust over the past decade. Altus's sales have compounded at an annual rate of 17% since it was founded in 2005.

After the stock surged 70% last year, it entered the coveted unicorn club, making it one of the rare Canadian technology companies worth over \$1 billion. At the moment, its market value is \$1.57 billion, which is just 36.5 times annual operating cash flow.

Meanwhile, the stock trades at a forward PE ratio of 25.7 and is expected to expand earnings by roughly 26% annually over the next few years, which implies a PEG ratio of 1. In other words, it's a fairly valued growth stock.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. TSX:ABST (Absolute Software)
2. TSX:AIF (Altus Group Limited)
3. TSX:REAL (Real Matters Inc.)

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