



## 3 Small-Cap Tech Stocks With Huge Upside Potential

### Description

The technology sector is home to some of the highest growth rates in the stock market today, but it is not always easy finding the right stock at the right price when you are ready to buy. To simplify this process, I have compiled a list of three small-cap dividend-paying tech stocks are trading at inexpensive forward valuations compared with their industry averages, so let's take a closer look at each to determine which would be the best fit for your portfolio.

#### 1. Computer Modelling Group Ltd.

**Computer Modelling Group Ltd.** ([TSX:CMG](#)) is one of the leading providers of software technology solutions for the world's oil and natural gas industries. At today's levels, its stock trades at 32.9 times fiscal 2016's estimated earnings per share of \$0.41 and 29.3 times fiscal 2016's estimated earnings per share of \$0.46, both of which are inexpensive compared with the industry average price-to-earnings multiple of 51.8. Additionally, the company pays a quarterly dividend of \$0.10 per share, or \$0.40 per share annually, giving its stock a 3% yield.

#### 2. Enghouse Systems Limited

**Enghouse Systems Limited** (TSX:ESL) is one of the leading developers of enterprise software solutions. At current levels, its stock trades at 46.2 times fiscal 2015's estimated earnings per share of \$1.06 and 31 times fiscal 2016's estimated earnings per share of \$1.58, both of which are inexpensive compared with the industry average price-to-earnings multiple of 51.8. Also, the company pays a quarterly dividend of \$0.12 per share, or \$0.48 per share annually, giving its stock a 1% yield.

#### 3. Pure Technologies Ltd.

**Pure Technologies Ltd.** (TSX:PUR) is one of the world's leading developers of technologies for the inspection, monitoring, and management of physical infrastructure, including water and hydrocarbon pipelines, buildings, and bridges. At today's levels, its stock trades at 36.1 times fiscal 2015's estimated earnings per share of \$0.19 and 22.8 times fiscal 2016's estimated earnings per share of \$0.30, the latter of which is inexpensive compared with the industry average price-to-earnings multiple of 26.4. In addition, the company pays a quarterly dividend of \$0.03 per share, or \$0.12 per share

annually, giving its stock a 1.75% yield.

### Should you buy one of these small caps today?

Computer Modelling Group, Enghouse Systems, and Pure Technologies represent three of the best long-term investment opportunities in the technology sector today, so Foolish investors should strongly consider establishing positions in one of them.

### CATEGORY

1. Dividend Stocks
2. Investing
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