



Does This Cheap Tech Stock Belong in Your Dividend Portfolio?

Description

Tech stocks may finally be having their moment on the TSX, with a few good value dividend payers out there to choose from. While tech is underrepresented in the Canadian markets, there are certainly decent stocks to be had in the sector, and a few of the best ones are discounted at the moment. If you're a value investor, you might want to check out **Cogeco Communications Inc.** ([TSX:CCA](#)) as one of the hottest picks of the bunch, since it's currently deeply discounted and offers a pretty good dividend with a good track record.

With investing news currently dominated by financials, oil, energy, and defensive consumer stocks, let's take a breath of fresh air with affordable tech and see if this somewhat overlooked (and definitely undervalued) stock is a buy today.

A cheap tech stock just right for your dividend portfolio

It might not be what you'd call a growth stock, but that's okay. Let's face it; aren't most growth stocks a little ambitiously valued at the moment? What Cogeco Communications has going for it is that it has solid assets, [a good acquisition strategy](#), and it's diversified across national boundaries, with customers in both the U.S. and Canada. It's unlikely to be hugely affected by trade wars, metal tariffs (probably), energy, oil, or any of those other pesky things you've heard about on the news. It's also recession-proof and very affordable right now.

Cogeco Communications is also one of those kinds of stocks that a less-generous observer might call "unloved" or "overlooked." Commentators south of the border have long talked about the so-called obscurity of certain stocks on the TSX and the opportunity for value therein. Cogeco Communications may be one such stock, as it does seem to have been overlooked by investor commentaries of late. That's good news for you, since it is now as cheap as chips and just as tasty.

Any detrimental fundamentals?

With a low P/E of nine times, Cogeco Communications is a very good value compared to the sector, as well as to the TSX. It's actually trading at a 43% discount, which, even up at \$66.23 a share, means that you're getting a nicely undervalued stock.

With a dividend yield of 2.88%, you're going to get a fairly decent return on investment with a solid 10-year track record, plus that dividend is set to rise next year to 2.98%. With a P/B of 1.7 times, you also know that Cogeco Communications isn't badly valued in terms of assets, either.

It's hard to tell whether it's good value compared to expected growth, so its PEG isn't going to tell you a whole lot. Think about this if you do want a growth stock, since there are plenty of them out there, but also bear in mind that some projected growth estimates at the moment might be potentially inaccurate due to uncertainty in the markets.

The bottom line

Cogeco Communications is a cheap, good value tech stock that pays a reliable dividend. While some analysts are calling hold, this stock is looking good right now, and looks set to continue paying reliable dividends. Buy it up while it continues to fly under the radar. And if you're looking for [another communications stock](#) to pair with Cogeco Communications, it's not alone, as the whole Canadian telecom sector seems to be undervalued as a whole right now.

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