



## Have Your Tech and Income, Too

### Description

Investors shopping for technology stocks on the TSX will find that there isn't a great deal of selection available. There are only 52 stocks that make up the TSX technology sector, and nearly a quarter of them are nano-caps, smaller than \$50 million.

Investors will also notice that very few Canadian tech names pay dividends. Only 15 tech stocks on the TSX offer dividends, and those that do often have miserly yields; **Constellation Software Inc.** ([TSX:CSU](#)), the largest technology stock by market capitalization on the TSX, yields less than 0.5%.

This article will examine three technology stocks with yields of around 4% that can help add sector exposure and diversification to any income portfolio.

#### **Evertz Technologies Ltd.** ([TSX:ET](#))

Evertz provides solutions for the broadcast industry, supplying software and equipment for video and audio production and distribution. The company invests heavily in research and development and prides itself on being an innovator at the forefront of its industry.

So far, it would appear that Evertz has a winning strategy, as it has achieved an average five-year return on equity of around 18.5%. In other words, [the company is strongly profitable](#) and employs its capital effectively.

At its current price, Evertz trades at a price-to-earnings multiple of roughly 19 and a price-to-book ratio of around 3.6. Evertz pays a quarterly dividend of \$0.18 for an annualized yield of about 4.5%.

#### **Computer Modelling Group Ltd.** ([TSX:CMG](#))

CMG is a software company that develops and markets recovery and reservoir simulation tools for the oil and gas industry. The company's professional services segment provides consulting, training, and research.

CMG's growth has been dampened in the medium term due to [weakness in the price of oil](#). Looking

back to before oil began to enter its period of weakness in late 2014, the company was performing so well that it still has 10-year average earnings growth of almost 9%, despite negative earnings growth in the one-, three-, and five-year time frames.

CMG looks expensive right now with a current price-to-earnings multiple of just under 40, but it has a great deal of potential should oil return to its previous highs.

In any event, CMG will pay you to wait with a quarterly distribution of \$0.10, which equates to a yield of almost 4%.

### **Absolute Software Corp. (TSX:ABT)**

Absolute provides endpoint security solutions that protect sensitive data and reduce the risk of breaches. To put it simply, the Absolute platform makes sure that missing consumer, corporate, or government cellphones and laptops don't provide an avenue for attackers to cause the next data breach scandal.

With over 15,000 customers internationally, Absolute is a growing security company in an expanding market. Amid mixed recent financial results, analysts covering the company have an average rating of "hold," and the consensus price target of \$7.55 represents potential upside of a bit less than 10%.

Absolute offers a quarterly dividend of \$0.08 for an annualized yield of around 4.5%.

### **Conclusion**

Despite the small pool of technology stocks on the TSX, a little digging shows that there are still options available for income investors. Diversification is an important aspect of portfolio building and management, and the stocks discussed can provide some variation to portfolios overweight in high-dividend sectors such as financials, utilities, and telecoms.

### **CATEGORY**

1. Dividend Stocks
2. Investing
3. Tech Stocks

### **POST TAG**

1. Editor's Choice

### **TICKERS GLOBAL**

1. TSX:ABST (Absolute Software)
2. TSX:CMG (Computer Modelling Group Ltd.)
3. TSX:ET (Evertz Technologies Limited)

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### Date

2025/07/02

### Date Created

2018/06/29

### Author

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