



## 1 Tech Stock Under \$2 Could Double to \$4 in 2020

### Description

Frugal investors, or those with limited capital for investment, should look into a dirt-cheap stock in the technology sector. For an investment of less than \$10,000, you can purchase \$5,000 worth of **Quarterhill** ([TSX:QTRH](#)) and partake of the 2.82% dividend this tech stock is offering.

### Flying under the radar

[Small-cap](#) Quarterhill has been flying under investors' radars. For the past year, this \$224.56 million acquirer and manager of technology companies had a 61.21% return. The performance went unnoticed, and so far this year, the stock has gained by 13.71% from \$1.67 to \$1.89.

Quarterhill describes itself as a growth-oriented, diversified holding company. It has been around since 1992 with headquarters in Kitchener, Ontario. At the onset of operations, M&A is the main thrust of its growth strategy. The focus is to acquire companies with verticalized software and intelligent industrial systems.

### Organic growth upside

Management believes that the demand for verticalized software and intelligent industrial systems is gradually increasing. Many companies are selling enterprise software to large and established clients operating in large and stable industries or verticals.

Meanwhile, companies with intelligent industrial systems are those providing products and services to converging industries. In transportation, for example, the system increases efficiency, safety, or reliability.

The companies belonging on this side of the tech space have built strong bonding with customers. Along with the relationships, their vertical knowledge creates leads to new customer referrals.

Quarterhill is seeking out acquisition opportunities, because it will enable the company to build a

foundation for recurring revenues, predictable cash flows, margins, and, more importantly, profitable growth.

## A legal battle with Apple

Quarterhill hit the headlines recently regarding patents related to [wireless communications](#). A jury in San Diego ruled that **Apple** must pay Quarterhill's company WiLan US\$85 million for infringing patents.

In 2018, a different jury awarded WiLan US\$145 million for the same infringement case. Apple contested the computation of the royalty fees, so a re-trial was ordered to reconsider damages. The latest court decision is a win for WiLan, as the company got the amount it asked for based on iPhone sales.

## Tech sector predictions

In 2019, the technology sector had a respectable showing. This year, expect tech stocks to fly higher with the entry of new technologies such as artificial intelligence, blockchain, 5G, the Internet of Things (IoT), and Quantum Computing.

Mass adoption of these emerging technologies could lead the technology index to outperform the broader market. Quarterhill has a lot of these new tech products that should be in demand in the 21st century. Canada has not been known for its tech companies, but that could all change in the near future.

With no more legal fees dragging the company down, and a lot of cash from the litigation trial coming in, Quarterhill can remain opportunistic and pursue other acquisition opportunities. The price today is a good entry before this promising firm blossoms into a tech giant like **Shopify**.

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