



## Frugal Investors: Earn Modest Dividends for Less Than \$3

### Description

Budget-friendly stocks are available on the TSX for cost-conscious, frugal investors. **Quarterhill** ([TSX:QTRH](#)) and **CES Energy Solutions** ([TSX:CEU](#)) trades at less than \$3 per share but are excellent buys. Both companies pay modest dividends in that a limited capital can [produce passive income](#).

Young investors have a misconception that you need significant upfront money to purchase stocks. Newbies usually [start with a little money](#) to test the waters. However, you must understand that risks are ever present.

Stock prices spike and dip, so investment values could either rise or fall. Thus, the choice of investment is crucial if you want to succeed. Likewise, it would be best to be well informed before parting ways with your money.

## Transportation technologies

Quarterhill is a \$324.18 million, [growth-oriented](#), diversified holding company. This Toronto-based firm invests primarily in essential transportation technologies. The goal is to become a leader in the Intelligent Transportation System (ITS) and Intellectual Property (IP) industries.

Since commencing operations in 1992, Quarterhill has been capitalizing on attractive trends in ITS and adjacent markets. The company acquires good businesses that grow and sustain profits. Its wholly owned subsidiaries are IRD and WILAN. The former is a multi-discipline technology company and a leading ITS provider, while the latter plays a vital role in the IP market.

In Q2 2021 (quarter ended August 5, 2021), revenue dipped 1% to \$33.2 million compared to Q2 2020. However, it reported a net loss of \$10.7 million versus the \$4.35 million net income in the same period last year. Management said most of the countries where Quarterhill operates remain in pandemic-related lockdowns. Some governing authorities deem the ITS segment as essential.

Meanwhile, all Quarterhill can do is adapt to manage, operate, and sustain its businesses during these uncertain times. Fortunately, the tech stock remains stable with its 13% year-to-date gain. At \$2.85 per

share, the dividend yield is 1.75. Also, market analysts recommend a strong buy rating and see a return potential of 30.18% in 12 months.

## Solid performance

CES Energy Solutions displays solid performance in 2021. At \$2.08 per share, the trailing one-year price return is 184.93%, while the year-to-date gain is 63.98%. Had you invested \$5,000 on October 8, 2020, your money would be worth \$14,576.03 today. The total return is higher if you factor in the 3.08% dividend.

This energy stock also carries a strong buy rating, and, like Quarterhill, CES is growth oriented. The \$531.72 million company provides technically advanced consumable solutions to clients in North America's oil and natural gas industry. It has been in existence since 1986.

CES operates in growing markets and boasts an asset-light business model. According to its website, the design of its counter-cyclical balance sheet ensures the generation of significant free cash flow through all points of the cycle in the oilfields. The recent quarterly results indicate business resiliency amid the challenging environment.

In the first half of 2021, total revenue grew by only 1% versus the same period in 2020. However, CES reported a net income of \$11.8 million compared to the \$250.6 million net loss. Management expects vast improvements in financial performance as industry conditions stabilize.

## Strong buy ratings

Quarterhill and CES Energy Solutions are budget-friendly dividend stocks but aren't mediocre companies. The strong buy ratings reflect the growth potential of the respective businesses.

### CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing
4. Tech Stocks

### POST TAG

1. Editor's Choice

### TICKERS GLOBAL

1. TSX:CEU (CES Energy Solutions Corp.)
2. TSX:QTRH (Quarterhill Inc.)

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