



These 2 Small-Cap Stocks Can Boost Your Portfolio

Description

A large allocation in my portfolio is dedicated to small-cap stocks. The reason I prefer investing in these companies is because small-cap stocks are more likely to produce multiples on your initial investment than large caps.

Did you know that there are excellent Canadian small-cap stocks that are also dividend sources? In this article, I will discuss two companies that may be great additions to your portfolio.

A global leader in supply chain technology

One of my favourite small caps in Canada, **Tecsys** ([TSX:TCS](#)) has been [on my radar](#) for quite some time. As I have mentioned in previous articles, Tecsys provides solutions and services that help companies optimize their supply chains. As the world moves quicker, companies will have to scale their businesses fast and more efficiently than they ever have before. This is where the Tecsys opportunity comes in.

Founded in 1983, Tecsys has grown to serve over 1,000 customers across 15 countries. Notable customers include **Caterpillar**, **Honda**, and **Ubisoft**. While Tecsys has always been a stable presence in the distribution industry, it has recently stepped foot in the healthcare and pharmaceutical sectors. This is an excellent catalyst for the company.

Year to date, Tecsys stock has gained 46% as of this writing. Over the past five years, its stock has skyrocketed nearly 250%! In addition to this great growth, Tecsys offers investors a modest dividend. With a current yield of 0.75%, you are not receiving tons of cash per se.

However, the company is listed as a Canadian Dividend Aristocrat, raising its dividend for 12 consecutive years. This means you can count on the company to keep raising its distribution in the future.

Providing enterprise resource planning solutions worldwide

[The next company](#) is one I have never covered on The Motley Fool before. **Sylogist** (TSXV:SYZ) is a global leader in enterprise planning solutions. Currently, the company serves governmental agencies, K-12 education boards, non-profit and non-governmental organizations, and companies in the safety and defence sector.

Although the company is based in Calgary, 75% of its revenue comes from the United States. The non-profit and non-governmental vertical composes the largest section of the company's business (about 44%). Sylogist has been growing steadily since 2014. Over the past seven years, the company's earnings have grown over 30% annually. Year to date, earnings are up 59% from 2019. Further growth by the company will come organically and through strategic acquisitions.

Year to date, Sylogist stock has gained just over 18%. Over the past five years, the stock is up over 60%. With a market cap just under \$300 million, you can expect more growth in the company in the future. Sylogist is also a Canadian Dividend Aristocrat, having successfully raised its dividend for the past nine years. With a dividend yield of 4.26%, this company's dividend is slightly more attractive than that of Tecsyst.

Foolish takeaway

Investing in small-cap stocks can provide investors with excellent returns on their capital. However, if you look in the right places, you may be able to find companies that also distribute a reliable dividend. Tecsyst and Sylogist have both shown great capital appreciation in recent years, while making it onto the list of Canadian Dividend Aristocrats.

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