3 Low-Yield Stocks to Buy for Decent Growth Potential

Description

Buying a dividend stock with a low yield might not make sense from a passive-income perspective, but if that low yield comes with healthy and predictable growth potential, it can be a wise investment from a wealth-building perspective.

It can help you increase the size of your nest egg, and if you want, you might change it for an income-producing asset later on. That might result in better long-term returns than holding a high-yield stock for the same period.

A tech stock

Dividends are a rarity in the Canadian tech sector, and a low yield is a consistent trend there. And from the tech sector standards, **Open Text's** (TSX:OTEX)(NASDAQ:OTEX) 2.3% yield is not low. It's usually under or above 2% and has risen to the current level thanks to the 29.4% fall from its recent peak. However, the discount plus the relatively high yield (considering the stock's dividend history) is only part of Open Text's charm.

Thanks to its capital-appreciation potential, the stock is a much more compelling buy. Even taking the current fall into account, it has returned roughly 297% to its shareholders through price appreciation alone. And if you buy the current dip, you may experience similar or perhaps, even better growth in the upcoming decade.

A business information services company

Thompson Reuters (TSX:TRI)(NYSE:TRI) has only been around since 2008, but its roots can be traced back to 1851 when one part of the company (Reuters) came into being in London. It was initially a newspaper company that evolved into a business information services and consultancy firm. It's one of the most trusted names for market news and research.

The company is a well-established aristocrat and has been raising its payouts for quite a while, but its

1.87% yield is hardly the reason to buy this for your dividend portfolio. However, it's also a remarkable grower which has risen almost 290% in the last decade. This is slightly lower than Open Text's performance but doubly impressive considering Thompson Reuters's market capitalization of $59.1 billion.

An engineering professional services company

WSP Global (TSX:WSP) is all about finding the right engineering solutions for its clients. It caters to multiple target markets, but nearly half of its revenue comes from transportation and infrastructure alone. A decent portion of its new projects are related to cutting-edge technologies and focused on sustainability.

The company has a massive global footprint, and only about a third of its revenue comes from North America and Latin American countries.

It's also a consistent dividend payer currently offering a low 1.1% yield. However, its capital-appreciation potential is significantly more impressive. The stock has risen by about 174% in the last five years alone, a*fter* the 27.4% fall, which might continue for a while yet.

Foolish takeaway

The three low-yield growth stocks might not be good additions to your portfolio from a dividend perspective. Still, they can add a decent amount of capital-appreciation potential to your portfolio and expedite the pace of its overall growth. Considering their growth potential (and assuming they can sustain the pace), the dividends can simply be considered a bonus.

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3. TSX:OTEX (Open Text Corporation)
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