



A Low-Beta Dividend Stock That Has Massive Growth Potential

Description

Holding dividend-paying companies long term can be one of the best ways to secure a nice retirement. Add in the opportunity for growth, and your retirement might come sooner than expected.

Growth, dividends, and a low beta are some of the criteria that determine fantastic companies. Unfortunately, you don't see too many great companies meeting that criteria these days, especially in the Canadian market. **Open Text** ([TSX:OTEX](#))([NASDAQ:OTEX](#)) is a Canadian tech company that meets that criteria and deserves a strong look for your portfolio.

OTEX is a technology company that provides Enterprise Information Management software to its clients around the world. OTEX has experienced some natural growth but also isn't afraid to acquire companies it thinks would add to its company.

Between June 30, 2018 and 2019, its net income increased by 15%; however, total revenue only increased by 1.87%, meaning that not much new cash made its way into the business. OTEX recently announced it's acquiring [another tech company called Carbonite](#), and over the next few years, this should add to total revenue.

Balance sheet and cash flow

Between the same period of June 30, 2018 to 2019, total assets increased by 2.1%, while liabilities increased by a meagre 0.03%. This is very healthy, especially considering its long-term debt went down during that period! Another metric to consider is cash flow. Free cash flow also looks healthy with a 25.6% increase.

Over the past 52 weeks, OTEX has increased by 33.26% versus the TSX at 12.84%.

Long term

OTEX has a low beta of 0.77, which compares its volatility to the TSX. This means that OTEX is less

volatile than the overall market. If you are someone who gets squeamish when markets fluctuate, that beta is a good sign for you. Of course, it has ups and downs, as many other stocks do, but I see these as buying opportunities to continue adding to my position in it.

OTEX was recently named a leader in digital asset management for customer experience by Forrester, which called its capabilities “best in class.” OTEX has [a history of being a great company](#), and it’s recognized across Canada. This is a great sign for the longevity of this company; it means that customers are very happy with Open Text’s software and its capabilities.

Since Open Text pays a dividend of \$0.92, or 1.6%, at the time of writing, you can reinvest your dividends to further the compounding effect of investing long term.

Foolish takeaway

As always, this isn’t a recommendation, so take this as a start to your own research. I firmly believe in the future of Open Text as a long-term investment and hold it in my own portfolio.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:OTEX (Open Text Corporation)
2. TSX:OTEX (Open Text Corporation)

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