

Dividend Investors: A Hidden High-Growth Stock for Your Portfolio

Description

Many dividend investors only focus on a few solid dividend stocks that they believe are the only way to earn stable and growing income.

I won't say this is the wrong strategy, but it has its pitfalls. Small- and medium-cap stocks provide a greater growth potential if you pick them carefully after thorough research.

If you are young and just starting your investment journey, then there is no harm in including some volatility in your portfolio.

Growth stocks may not be as stable as some dividend aristocrats, but they provide a great avenue to generate long-term returns.

Here is a small-cap stock which I think remains undiscovered to many investors. It is a solid long-term pick and is firing on all cylinders.

The Mississauga, Ontario-based **Cargojet Inc.** ([TSX:CJT](#)) provides time-sensitive overnight air cargo services, moving about 1,300,000 pounds of cargo each business night.

Cargojet operates its network across North America using a fleet of 18 all-cargo aircraft. Some of its customers include Canada Post, **Purolator**, and **Amazon.com, Inc.** In addition to cargo services, Cargojet provides specialty charter services across North America, Caribbean, and Europe.

Share performance

Cargojet shares are on fire. They soared 47% in the past year, massively outperforming the **S&P/TSX Composite Index**. And if you track the company's performance over the past five years, its shares have surged more than five times.

So, what's propelling these supersized gains in this tiny company?

Cargojet has a 90% market share in the dedicated overnight shipment segment in Canada, while maintaining long-term contracts with some top-notch customers. The company's 80-85% overnight revenues come from long-term relationships, supporting its leading market position.

Another factor that is fueling Cargojet's growth is consumers' increasing use of e-commerce in North America. Both Canada Post and Amazon are clients of Cargojet, indicating that the company is well positioned to benefit from this trend as more and more customers switch to online shopping.

The company's most recent financial results released on August 8 also confirmed that Cargojet is maintaining its growth momentum well into 2017. Its sales rose 11% to \$88.2 million in the second quarter, while adjusted EBITDA gained 9.3% to \$24.6 million when compared to the same period a year ago.

Should you buy Cargojet?

There is no doubt that Cargojet is a great growth play for your income investment portfolio. The company also pays quarterly dividend, which is an added advantage. With a dividend yield of 1.53%, Cargojet pays \$0.1925-a-share quarterly payout. This payout has grown 35% during the past five years.

Cargojet is a good candidate for your income portfolio as the company operates in a growing segment of our economy, where the e-commerce-driven demand for fast and efficient cargo delivery services will grow.

Trading at \$50.42 and after a massive rally this year, its shares seem a bit expensive. Any pullback should provide a good entry point to get hold of this nice growth stock.

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