



Holiday Wish: 1 TFSA Stock for Both Income and Growth

Description

We're down to the final stretch of 2018 and with it the close of what has been a very tumultuous year for the market. Whether it was the impact of the Trump-bump, Brexit, NAFTA, the tariff war, the refugee crisis, rising interest rates or the long-awaited Santa rally, most investors will be happy to see the year end and turn over a new leaf in 2019.

One type of investment that I'm always looking out for is one that can offer both [growth and income-earning potential](#). This has become more apparent with the volatility the markets have enjoyed over the past few months, and one such investment that continues to amaze me in that regard is **Exchange Income Corporation** ([TSX:EIF](#)).

While you may not be familiar with Exchange Income Corp., you certainly will after we take a look at the opportunity that this stock poses for long-term investors.

Diversified, acquisition-focused

Exchange Income Corp is an acquisition focused, diversified growth and income machine. The company and the over one dozen subsidiary companies it comprises are broadly segmented across two unique fronts – aerospace and manufacturing.

The aerospace segment includes several passenger and freight airline companies, which serve the remote and secondary regions along northern Manitoba, Ontario, Quebec and into Nunavut, while the manufacturing segment includes a broad spectrum of companies that include cell phone tower construction and installation services, high-pressure cleaning and steam systems, sheet metal manufacturing and fluid-tank construction.

Even across both segments, Exchange Income Corp manages to cast a very wide net around the economy, ensuring that its portfolio of companies are well diversified to offset a slowdown in one area of the business through growth in the other. In addition to that unique mix of businesses, there's another advantage to Exchange income that few investors may realize at first: the hyperlocalized nature of the business.

Let's take the aerospace segment. More specifically, Keewatin Air and Bearskin Airlines. Bearskin operates both flight and cargo services between Manitoba and Northwestern Ontario, whereas Keewatin provides medevac services from Nunavut and northern Manitoba into Winnipeg. Both of these businesses are localized, with limited competition in their respective markets. Additionally, they both provide an essential service to the communities that they serve and continue to show positive growth with each passing quarter.

Exchange income offers more

In addition to a well-diversified portfolio of investments, Exchange income also offers what is quite possibly one of the best dividends on the market. The company currently provides a monthly distribution to shareholders, which comes in at a very impressive yield of 8.34%.

If that weren't reason enough, over the course of the past decade, Exchange income has maintained a series of impressive hikes fueled by strong growth, with the most recent 4% uptick coming in the most recent quarter, which, incredibly, coincided with a decrease in the overall payout ratio.

In terms of results, in the most recent quarter, Exchange Income Corp saw revenue grow to \$308.2 million, surpassing the same period last year by an incredible 22%. Similarly, EBITDA saw a 10% increase over the same quarter last year to \$79.2 million, while adjusted net earnings of \$29.6 million, or \$0.94 per share, came in higher than the same quarter last year by 15% and 12%, respectively.

In my opinion, Exchange Income Corp remains an [excellent long-term addition](#) to any growth and income seeking portfolio.

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1. TSX:EIF (Exchange Income Corporation)

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