



Why These 2 Stocks Yielding More Than 7.3% Might Just Be Your Next Big Money-Makers

Description

Capturing yield is still hard in this environment of persistently low long bond yields and a flat yield curve, making it frustratingly difficult to get a decent yield on our investments.

This is what has caused investors to flock to [Canadian bank stocks](#) and utility stocks – and what's caused me to even look at higher yielding stocks for that extra [dividend income](#).

Stocks such as **Chorus Aviation Inc.** ([TSX:CHR](#)) and **ZCL Composites Inc.** ([TSX:ZCL](#)).

Chorus Aviation

Chorus Aviation is a dividend-paying holding company that owns Jazz Aviation LP as well as other companies involved in the aviation business. It is currently yielding 7.14%.

Its focus is on delivering regional aviation to the world and it has done so since 2010, delivering a monthly dividend to shareholders along the way.

The company's business is less risky than a conventional airline business, and the recent \$97 million investment by Air Canada and the extension of the Jazz capacity purchase agreement (CPA) until 2035 illustrates why.

The company's revenue is in large part fixed-fee contracted revenue and jet fuel price increases are passed down to Air Canada.

The latest few quarters have seen Chorus report positive free cash flow and this new investment and CPA contract will result in greater cash flow stability going forward.

The stock is worth serious consideration for the extra dividend income it provides shareholders.

ZCL Composites

ZCL is a manufacturer and supplier of fiberglass reinforced plastic underground storage tanks, and they have been seeing strong demand, as evidenced by these results and the results over the last few years.

In a nutshell, as an investor, I'm interested in this company because of these three facts:

First, the business model is cash flow strong and stable, and it is not a capital intensive business.

Free cash flow in 2013 was \$15 million, and in 2017 it was \$17 million, representing a free cash flow margin (free cash flow as a percentage of revenue) of 9%, a very strong number.

Second, the dividend yield is 7.3%.

And it has seen phenomenal growth, growing from \$0.11 in 2013 to \$0.54 in 2018, for a more than 35% compound annual growth rate during this time. As well, the company has announced numerous special dividends, the latest one being a special dividend of \$0.40 per share in May 2018.

Finally, the balance sheet remains in stellar *condition* with minimal debt on the books.

In closing, these little-talked about stocks are providing investors with an attractive dividend yield and are worth a look today.

CATEGORY

1. Dividend Stocks
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TICKERS GLOBAL

1. TSX:CHR (Chorus Aviation Inc.)

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