



A Solid Buy-and-Hold Dividend Stock for Monthly Income

Description

Investing in [dividend stocks](#) can be incredibly rewarding, particularly for those investors that have long-term plans or are looking for a source of recurring income. One notch above the typical dividend investment lies the even rarer investment that offers a monthly payout instead of the more common quarterly distribution.

Typically, the monthly distribution space is predominately reserved for [REIT investments](#), which can provide lucrative returns, but there are a handful of non-REIT investments in the market that provide a handsome monthly payout, and one of those happens to be **Exchange Income** ([TSX:EIF](#)), a company that should be on the radar of nearly every investor.

For those that are unfamiliar with Exchange Income, it is a diversified company that owns over a dozen subsidiary companies around the country that are focused across predominately two areas: aviation and manufacturing. All of Exchange Income's holdings have three key, distinguishing factors: they have strong cash flow, operate in an environment with limited competition, and perform a necessary function.

By way of example, in the aviation segment, there's Calm Air, which operates scheduled flights from Winnipeg to northern Manitoba and Nunavut, and Bearskin airlines, which provides flight and cargo service between Manitoba and northwestern Ontario. Turning to the manufacturing side of the company, Westover Canada provides cell phone tower construction and installation services across the country, whereas Quest Window Systems manufactures a unique "window wall system" that is used in high-rise residential developments.

In terms of results, in the most recent quarter Exchange Income reported revenue of \$315.7 million, reflecting a solid 20% bump over the amount reported in the same period last year. Of that \$51.8 million increase, \$33.6 million was attributed to gains in the aviation segment, while an \$18.2 million gain was realized in the manufacturing segment.

Overall EBITDA in the quarter hit \$69.5 million, reflecting a 10% increase over the same period last year, and adjusted net earnings for the quarter came in at \$24.67 million, or \$0.75 per diluted share,

compared with \$22.26 million, or \$0.68 per diluted share, reported in the same quarter last year.

Free cash flow in the quarter amounted to \$59.76 million, or \$1.66 per diluted share, reflecting strong growth over the \$49.74 million, or \$1.45 per diluted share, reported in the same period last year.

Perhaps the most compelling reason to consider Exchange Income comes in the form of its monthly dividend. The current monthly payout is a very impressive 6.71% yield, and the company has provided annual upticks to that dividend, with the most recent, and the company's 13th hike, coming into effect last month. Despite that relatively high yield, Exchange Income has maintained a sustainable payout level of 60%.

The diversified nature of Exchange Income's business combined with a long string of strong results and its impressive dividend make the company an ideal candidate for nearly any portfolio. In short, buy it and forget about it for a decade or more and let that monthly dividend work magic on your portfolio.

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2. Investing

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