



## This Boring Stock Can Provide Monthly Passive Income

### Description

With very [few exceptions](#), the airline industry is one in which investors have been well versed in the importance of diversification. A wild second-quarter earnings report can very easily be turned around by a long winter season of storms or a sudden spike in fuel costs.

What if there was a less risky way to invest in the sector, which not only offered a degree of diversification, but also had strong growth prospects and a carved out segment of the market exposed to limited competition?

If I've grabbed your attention, let's take a moment to talk about **Exchange Income Corporation** ([TSX:EIF](#)).

### Just the basics

Winnipeg-based Exchange Income owns over one dozen subsidiary companies that can be classified into broad aviation and manufacturing segments. Those subsidiaries are not only diversified into different business segments, but also across different geographic regions and serving various needs.

Across both segments, Exchange's subsidiaries all serve a unique niche of the market where demand is constant, competition is low and opportunities to generate cash flow remain high.

Prime examples of this include high-pressure water cleaning systems and cell phone tower construction services on the manufacturing side, and medevac, cargo and passenger flight services to remote regions of northern Manitoba, Ontario and Nunavut from the aviation side.

Furthermore, some of those businesses attract customers not only from Canada, but also from around the world, adding yet another layer of diversification.

### Strong results and plenty of growth

Exchange Income has provided investors with a steady stream of improving results — part of the reason why the stock has surged over 30% year-to-date and doubled in the past five-year period.

In the most recent quarterly update, Exchange reported strong revenue growth of 12% over the same period last year, coming in at \$297 million. EBITDA saw an equally impressive bump to \$64 million, reflecting a solid 18% increase.

Much of those gains were attributed to strength from the aviation segment, which accounted for \$216.7 million of the company's total revenue. The manufacturing segment provided a respectable 5% uptick in revenue in the same period, coming in at \$80.3 million.

Apart from Exchange Income's uniquely diversified business, one of the key benefits of investing in the company comes in the form of its dividend. Exchange Income currently offers investors a monthly dividend that works out to a handsome 5.66% yield.

Not only is that dividend one of the better-paying yields on the market, but it's also fairly secure. Over the course of the trailing 12-month period, the payout ratio for Exchange Income's dividend was 75% on an adjusted net earnings basis, while on a free cash flow basis, it came lower at 56%.

Adding to that appeal is the fact that Exchange has provided one dozen hikes to its dividend in the past 15-year period.

## Final thoughts

The importance of diversifying can't be understated, and Exchange Income not only provides an opportunity for investors to diversify their portfolio, but also provides long-term growth and income-earning prospects that should appeal to nearly any investor.

The stock may not be the most [exciting investment](#) opportunity on the market, but it provides solid growth, pays a good dividend, and continues to generate cash.

In my view, Exchange Income remains an excellent long-term investment option for nearly any portfolio.

## CATEGORY

1. Investing

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