Dinner and a Movie? Oh My!

Description

Ah, date night. The thing that having kids ruined. In the spirit of the biggest date night of them all, let's consider some Canadian companies that stand to have a busy evening.

First you eat the food

As most dates do, we'll start with dinner. Several of Canada's better known restaurant brands are in fact publicly traded entities. And, high yielding publicly trading entities at that. The names include **The Keg Royalties Income Fund (TSX:KEG.UN)**, **Boston Pizza Royalties Income Fund (TSX:BPF.UN)**, **Sir Royalty Income Fund (TSX:SRV.UN)**, and if you really want to wow your partner, **A&W Revenue Royalties Income Fund (TSX:AW.UN)**.

Three of these names are widely recognized. Sir may have some of you scratching your heads, but behind this name is a collection of reasonably well-known (especially for Ontarians) establishments. These include Jack Astor's, Canyon Creek, Alice Fazooli's, Reds, Far Niente, and the Loose Moose.

The underlying structure behind all four of these stocks is highly conducive to paying out an attractive dividend. The table below contains the current yield for each:

Company Name	Current Yield
Sir	8.3%
The Keg	6.4%
A&W	6.4%

Boston Pizza	5.8%

Source: Capital IQ

Though each has its own intricacies, all are essentially structured as a limited purpose trust. Primarily, these trusts own the trade-marks behind the operating restaurants under them. The operating restaurants pay the trust a royalty out of top line sales to use these trade-marks. For instance, each Keg restaurant must pay a cut of top line sales to The Keg Royalties Income Fund for the privilege of using that name.

Each trust has essentially zero overhead and is able to payout most of the royalty income it takes in. As long as revenues are good at the underlying restaurants, current dividends should be sustainable. All are subject to the whims of the economy, but there are worse places to look if you're interested in a steady income stream.

Then you watch the movie

Requiring less of an introduction is **Cineplex (TSX:CGX)**, Canada's largest "motion picture exhibitor" with a 70% share of the market. Cineplex is simply a great company. Results are consistent, the balance sheet is fit, and growth levers exist. You need more than your own fingers and toes to count the ways that Cineplex has figured out how to gouge movie goers. Expect this count to continue higher. The stock pays a nice yield of 4.1% and this is one of those companies that just seems to do everything right.

Then you get the money

Monstrous growth is unlikely for any of these companies as the Canadian market is largely saturated with casual dining establishments and movie theatres. However, all should at the very least set you up with a pleasant evening of entertainment and a steady income stream.

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Fool contributor Iain Butler does not own shares in any of the companies mentioned in this report at this time. The Motley Fool has no positions in the stocks mentioned above.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:AW.UN (A&W Revenue Royalties Income Fund)
2. TSX:BPF.UN (Boston Pizza Royalties Income Fund)
3. TSX:CGX (Cineplex Inc.)
4. TSX:KEG.UN (The Keg Royalties Income Fund)
5. TSX:SRV.UN (SIR Royalty Income Fund)

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Date
2025/07/22
Date Created
2013/02/14
Author
tmfohcanada