



Income Investors: Sink Your Teeth into These Tasty Yield Plays

Description

Income investors who are fans of tasty food and monthly distributions should consider adding **Keg Royalties Income Fund** ([TSX:KEG.UN](#)), **A&W Revenue Royalties Income Fund** ([TSX:AW.UN](#)) to their portfolios.

The Keg

When you ask people about their favourite steakhouse, many Canadians immediately say The Keg.

The first Keg opened in 1971, and the chain has been a Canadian favourite ever since. While the menu has varied somewhat over the years, the great steaks, prime rib, and famous bread are still the core items that draw the clients into the restaurants.

By sticking to its founding principles of offering quality food, great service, and a lively atmosphere, the chain has managed to survive every economic downturn in the past 45 years, and that's why this stock looks so inviting.

In Q3 2015 gross sales from the 102 Keg restaurants came in at \$139 million, up 7.1% over the same period in 2014. Royalty income rose 8.1%. Despite the strong results, the unit price has pulled back about 12% in the past six months. Investors who have been waiting for an opportunity to get in at a decent price finally have their chance.

The units pay a monthly distribution of 8.75 cents that yields about 6.2%. The distribution increased three times in 2015, and any investor who bought in before December 31 is receiving a one-time special payout this month of an additional seven cents per unit.

If you are a fan of the brand, this is a great way to own a piece of the business and get some tasty returns at the same time.

A&W

The burger space looks pretty crowded, but A&W isn't letting that deter it from expanding its reach

across the country. The chain now has more than 800 restaurants in Canada and continues to grow.

With younger people shifting toward healthier fast-food options, it seems a bit of a surprise that A&W is doing so well, but the company has been very successful in a few key areas.

It has differentiated itself by selling beef raised without the use of hormones or steroids and chicken raised without antibiotics. For fast-food fans, that seems to be a key selling point.

The brand has also done well by targeting the food court market both in shopping centres and in rest stops along major highways.

Finally, if you take a peek in the window at any of the standalone city-based restaurants, the secret to the brand's success becomes even more apparent. Boomers loved A&W 50 years ago when they were teenagers, and they continue to frequent the stores today, gobbling up the famous juicy burgers, tasty fries, and delicious root beer.

A&W pays a monthly distribution of 12.5 cents per unit that yields about 5.5%.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:AW.UN (A&W Revenue Royalties Income Fund)
2. TSX:KEG.UN (Keg Royalties Income Fund)

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