



Income Investors: 2 Juicy Stocks With 5% Yields

Description

Food lovers and fans of big monthly distributions should consider adding **A&W Revenue Royalties Income Fund** ([TSX:AW.UN](#)) and **Keg Royalties Income Fund** ([TSX:KEG.UN](#)) to their income portfolios.

Here's why.

A&W

Investors might be hesitant to bet on a burger joint given the heavy competition in the sector and a general shift in public tastes toward healthier food, but A&W is doing very well and continues to expand its Canadian presence.

Same-store sales rose 7.6% in 2015, the highest annual increase recorded since 2002, and annual royalty income increased 10.8% compared with 2014.

The business has differentiated itself by promoting its healthy ingredients. A&W's beef is raised without the use of hormones or steroids, and the company offers antibiotic-free chicken. Location is also a big reason for the chain's success. Many of the restaurants are set up in high-traffic areas such as shopping centres and highway rest stops.

Another reason for A&W's strong growth is its appeal with seniors. The burger chain was popular with the boomer crowd 50 years ago, and the demographic continues to hang out at the restaurants today, sinking their teeth into the juicy burgers and washing the the grub down with the company's famous root beer.

A&W pays a monthly distribution of 12.5 cents per unit that yields 5.2%. The company raised the payout twice last year.

The Keg

When Canadians think steak, the first name that often comes to mind is The Keg.

The restaurant chain has built a loyal clientele based on the core principles of offering high-quality food served by friendly staff in a fun and lively atmosphere. Menu items have changed from time to time, but most people go for the great steak, prime rib, and famous bread.

Tough economic conditions might be putting pressure on some of the company's competitors, but the good times continue at The Keg's 102 restaurants.

Gross sales rose to \$154.5 million in Q4 2015, up 18% compared with Q4 2014, and jumped 10.2% for the full year. Same-store sales rose 11.1% for the quarter and 8% for 2015. As a result, the business generated record royalty income and record cash available for distribution to investors.

Despite the strong results, the unit price is actually down 12% over the past 52 weeks, so new investors have a chance to pick up the name at an attractive price.

The Keg pays a monthly distribution of 8.75 cents per unit for a yield of 5.8%. Management raised the payout three times last year and even handed out a special one-time distribution of seven cents per unit.

If you are a fan of the brand, owning a piece of the business is a great way to help fund those fantastic steak dinners.

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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Date

2025/08/20

Date Created

2016/05/03

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