



2 Under-the-Radar Income Stocks You Shouldn't Ignore

Description

Most income investors flock to the big names they see discussed every day on their favourite business program, but the Canadian market is home to a wide variety of income picks, and some of the lesser-known names are very attractive right now.

Here are the reasons why I think **Keg Royalties Income Fund** ([TSX:KEG.UN](#)) and **Corus Entertainment Inc.** ([TSX:CJR.B](#)) deserve a closer look.

The Keg

If you are a fan of steak, you are familiar with The Keg.

The company's restaurant design has undergone some changes in recent years, but the core principles of the business remain intact, and that's why Canadians continue to flock to the restaurants; top-quality food is served by friendly staff in a fun and lively atmosphere.

The recipe is a good one, and the Royalty pool has grown significantly over the years. Royalty income for Q1 2016 came in at \$5.86 million, up slightly compared with the same period last year, despite having two less restaurants contributing to the results. There are currently 100 Keg locations.

The Keg just raised the monthly distribution to nine cents, which translates into a yield of 6%. Management increased the payout three times in 2015 and also distributed a special one-time payout of seven cents per unit.

The brand is solid and has proven its resilience through difficult times. If you like the restaurant, owning a bit of the business is a great way to help pay for the tasty meals.

Corus

Corus had a tough run last year as investors bailed out of the stock in anticipation of the recently changed rules in the Canadian TV market.

What's the scoop?

As of March 2016, Canadian TV viewers can choose a basic \$25 TV package and add channels on a pick-and-pay basis. The market was afraid the new system could be a death sentence for content owners like Corus that don't own the lines going into people's houses. As a result, the stock took a 50% haircut.

Corus traditionally focused on children's programming, but the recent purchase of Shaw Media from **Shaw Communications** changes the game. The company now has a diverse portfolio of specialty TV channels as well as the Global TV network. All-in, Corus controls about one-third of the English language TV market in Canada.

The addition of the Shaw Media should position Corus well to compete with the larger companies.

Management is committed to maintaining the dividend, and a look at the 2015 cash flow numbers from Corus and the acquired assets suggests the payout should be safe.

It is still early days under the new system, and investors are taking a wait-and-see approach, but the stock is slowly regaining some of its lost ground.

If you have a bit of a contrarian investing style, Corus looks like an attractive bet right now, and the stock offers a 9.4% yield.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:CJR.B (Corus Entertainment Inc.)
2. TSX:KEG.UN (Keg Royalties Income Fund)

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