



2 Unloved Stocks for Yield-Hungry Contrarian Investors

Description

Contrarian investors are searching for beaten-up names that might be getting oversold.

Let's take a look at **A&W Revenue Royalties Income Fund** ([TSX:AW.UN](#)) and **Cineplex Inc.** ([TSX:CGX](#)) to see if one is attractive right now.

A&W

The burger space is a crowded one in Canada, but A&W has managed to differentiate itself from the pack using a rather unusual marketing campaign.

The company decided to entice customers by highlighting the fact that it sells beef raised without the use of hormones or steroids, and chicken raised without the use of antibiotics.

Apparently, this is hitting the right note with consumers, as the chain continues to see solid demand for its products and is opening new stores at a healthy pace across the country.

The company reported a 3.8% increase in royalties compared to the same period last year, and distributable cash also improved on a per-unit basis.

A&W opened 17 new restaurants in the first half of 2017.

The unit price had a big run last year which topped out in February at about \$42 but has since pulled back and is about \$33.50 at the time of writing.

That's good for a yield of 4.75%.

The sell-off might be a bit overdone, and the distribution should be safe.

Cineplex

Cineplex was a market darling for most of the past decade, but the stock is getting crushed amid concerns over the threat of online streaming services as well as some new strategic initiatives.

People are not going to the movies as much this year, and the rough box office numbers are hitting cinema stocks.

In addition, Cineplex is diversifying beyond its film entertainment and content businesses into amusement and leisure as well as media.

Investors aren't happy with some of the moves, and the stock is down from \$54 in early May to about \$36, at the time of writing. Most of the drop occurred in the past two months.

As a result, the dividend now provides a yield of 4.7%.

More pain might be on the way, but the stock is starting to look oversold.

Should you buy?

If you are a fan of fast food and a trip to the movies, you might want to state nibbling on these two stocks on further weakness. The distributions should be safe and now provide above-average yields.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:AW.UN (A&W Revenue Royalties Income Fund)
2. TSX:CGX (Cineplex Inc.)

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