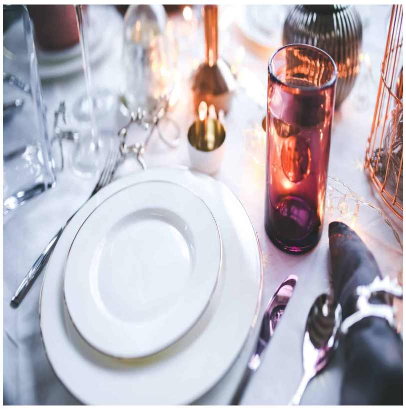

# TFSA Investors: 2 Monthly Income Stocks to Feed Your Hunger for Yield

## Description

Canadian income investors are searching for reliable income stocks to put inside their TFSA portfolios.

The strategy makes sense, as any income generated inside the TFSA is protected from the tax authorities. That's right; all the gains go straight into your pocket.



Let's take a look at **A&W Revenue Royalties Income Fund** (TSX:AW.UN) and **Keg Royalties Income Fund** (TSX:KEG.UN) to see why they might be tasty additions to your holdings.

**A&W**

A&W is finding success in the crowded Canadian burger market.

The company has differentiated itself by using an interesting marketing campaign that highlights the fact that it serves beef raised without added hormones or steroids and chicken raised without the use of antibiotics.

You might not think that would cause people to rush out and visit an A&W, but the campaign is working.

The company opened 17 new stores in the first half of 2017 and now has about 900 stores in operation.

Royalty income rose 3.8% in the quarter compared to the same period last year.

A&W pays a monthly distribution of 13.3 cents per unit, which translates into an annualized yield of 4.75%.

The restaurant is popular with retirees, who have been loyal to the brand for decades. Younger consumers are also visiting the burger chain, as they search for an affordable and tasty fast-food meal.

**The Keg**

Anyone who loves steak has probably been to a Keg restaurant.

The company has survived the ups and downs of the high-end dining market for decades by staying true to a very simple and effective formula: great food and excellent service provided in a fun and relaxing environment.

About 100 restaurants currently contribute to the royalty pool. Royalty income rose 7.3% in Q2 2017 compared to the same period last year. Gross sales increased 6.3%.

The monthly distribution of $0.0918 per unit provides an annualized yield of 5.3%.

The Canadian economy is doing well, so Keg restaurants should continue to benefit from both business and leisure spending.

**Should you buy?**

The two stocks have come down from their 2017 highs and now offer investors attractive entry points with distributions that should be safe.

At this point, I would probably split a new investment between the two companies. If you only buy one, it might be a good idea to go with the restaurant you frequent more often. This way the distributions can help cover your meals.



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1. Dividend Stocks
2. Investing

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1. Editor's Choice

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