Attention, Dividend Investors: 3 Delicious Food Stocks That Pay Up to 7%

Description

One industry that's a safe bet for investors is food. Whether the economy is good or bad, people will continue to spend money on food products and on eating out. While budgets may fluctuate depending on disposable income, investing in food can be provide a very stable option for those unsure of which industry in which to invest.

Investors are also more likely to be closely connected to food stocks than they are to a big bank like **Toronto-Dominion Bank** or a pipeline company like **Enbridge Inc**. That can be a big advantage as well, because if we are familiar with a business, we'll have a better glimpse of how well it is doing and how good its products are.

Below are three brand name — and successful — food stocks that could provide you with great dividends for your portfolio.

A and W Revenue Royalties Income Fund (TSX:AW.UN) collects royalties from one of the top fast-food chains in the country. The junk food stock has proven to be a solid investment over the years, averaging a profit margin of 58% since 2013. Its sales have also grown by more than 38% during that period as more restaurants have been added to the pool and sales have continued to increase as well.

However, the stock has struggled in the past year, with the share price dropping more than 8% of its value. However, that has pushed its dividend yield up to 5.2%, making it a terrific monthly payout that can add a lot of regular cash flow to your portfolio. The company also increased its payouts earlier this year.

Boston Pizza Royalties Income Fund (TSX:BPF.UN) is another royalty-collecting stock. Its dividend pays 7% per year, which is also distributed in monthly installments. The Fund has averaged a slightly higher profit margin of 60% over the past five years, and its revenues have grown by 50% during that period.

The stock trades at modest multiples with a price-to-earnings ratio of 17 and at only 1.5 times its book value. Like the A&W Fund, this stock has also struggled in the past year. It's trading near its 52-week low at the time of writing.

Saputo Inc. (TSX:SAP) may not be a big restaurant brand like the other two stocks on this list, but its cheese products are well known around the world with sales in over 40 countries, including a big presence south of the border. This gives investors a lot of stability, as Saputo isn't going to be overly exposed to one market the way more domestic stocks may be.

The challenge for Saputo is that given its vast operations, it becomes more of a challenge to grow sales . Last year, Saputo's sales were up by just 3.4%, although since 2014, its top line has increased by more than 25%.

While Saputo's dividend may be a little underwhelming with a yield of just 1.4%, its payouts have increased by more than 50% since 2013, a trend that could continue in the years to come.

Investors will also likely benefit from long-term capital appreciation as well. In the past 10 years, Saputo's share price has tripled, and in just the last 12 months, it has risen by more than 10%.

CATEGORY

1. Dividend Stocks
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TICKERS GLOBAL

1. TSX:AW.UN (A&W Revenue Royalties Income Fund)
2. TSX:BPF.UN (Boston Pizza Royalties Income Fund)
3. TSX:SAP (Saputo Inc.)

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