



Make \$9,000 a Year in Passive Income

Description

For those of you unfamiliar with **SIR Royalty** ([TSX:SRV.UN](https://www.sirroyalty.com)), you'd better pay attention, as this stock yields 9%! Yes, you read that correctly, 9%!

Now that I have your undivided attention, let's dig deeper into this income fund. The income fund's portfolio of restaurants include Jack Astor's, Scaddabush, Canyon Creek, Reds and The Loose Moose, to name but a few.

As I write this, I'm starting to realize how good this income fund is. Four of the aforementioned brands are present at the Square One Shopping Centre. SIR Royalty's footprint is so large that it has Canyon Creek, Scaddabush, Jack Astor's and Reds Restaurants within a one-kilometer radius. That means that regardless of which restaurant you choose, SIR Royalty investors benefit.

If that's not impressive, then I don't know what is, as I haven't reviewed a royalty fund to date with this footprint.

The income fund derives its revenue through a six percent royalty imposed on restaurants included in the royalty pool. This company is a good investment based on a high dividend yield and consistent net income.

High dividend yield

As mentioned above, the company [has a dividend yield of 9%!](#)

With an investment of \$100,000 in the income fund at the beginning of the year held until year-end, investors can receive \$9,000 in dividend payments alone. When you factor in capital gains, investors can easily achieve annual returns in excess of 10%.

Further to this, the company pays monthly dividends, which means that gains are compounded as money earned through dividends can be reinvested in the income fund; in other words, capital gains will be amplified.

The income fund also has a growing operating cash flow that's cash-derived from its main operations. An increasing operating cash flow is a good sign for investors, as it means that the income fund is unlikely to reduce its dividend payments unless a serious event occurs that causes the income fund to be significantly strapped for cash.

Consistent net income

From fiscal 2014 to fiscal 2018, the income fund has generated net income in excess of \$5 million in each of the fiscal years.

Accumulated net income to date is \$41 million, which is substantial. Given that the income fund has no debt obligations, investors should have confidence in the longevity of the income fund, as it has [no payments that could jeopardize the dividend payments](#) or the existence of the income fund overall.

Bottom line

I'm stunned at that an income fund such as SIR Royalty doesn't get more coverage. With a dividend yield of 9% and net income in excess of \$5 million in each of the past five fiscal years, passive investors should be jumping at the chance to invest in the income fund.

The income fund has an impressive portfolio of restaurants that represent cuisines from around the world. In my opinion, Scaddabush is a gold mine for the income fund, as the restaurant is like no other.

Investors who are seeking generous dividend yields should look no further!

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