



## Passive Income Seekers: 2 Top Stocks Yielding More Than 9%

### Description

Investing in high-yield stocks can be risky, but if you do your homework and check all the boxes, you can reduce that risk substantially. It's important to not only look at the current sustainability of the dividend, but also to the future to predict what could become a problem down the road.

It could be an issue with debt, it could be losing out to a competitor, or maybe the industry has matured and is beginning to shrink.

Once you've identified the companies that you believe can survive, it's time to start looking at how investible they are, and how they'd fit into your portfolio.

Two of the top [high-yielding](#) stocks in Canada are **SIR Royalty Income Fund** ([TSX:SRV.UN](#)) and **Bridgemarq Real Estate Services Inc** ([TSX:BRE](#)).

### SIR Royalty

SIR Royalty has a number of franchises in its royalty pool of well-known restaurants in Canada. In addition to operating a number of restaurants, it has a consistent track record of finding new restaurants for its pool.

SIR stands for service inspired restaurants and drives the company to offer its customers some of the top restaurants in the country.

Its top-quality restaurants and experienced management make it one of the best restaurant stocks in Canada and a leading operator of both casual and fine dining

The company is known for stable and reliable monthly cash distributions. It pays a 6% royalty on pooled revenue to the income fund.

Its royalty fund consists of 58 restaurants, most of which are located in Ontario. Of those 58 restaurants, more than 55% of the restaurants are Jack Astor's, which account for more than 70% of

SIR's revenue.

Jack Astor's success determines the outcome of SIR Corp, so its positive same-store sales growth the last two years is a promising sign.

Its newly renovated and updated stores are seeing massive initial growth in sales, so the company is committed to continuing down that path for growth with more than 20 restaurants renovated since 2016.

Its diverse brands allow it to capture multiple segments of the market at once, so it isn't leaving any portion of the market untapped.

For the last three years, the company's same-store sales have been positive, an important factor when looking at top line royalty companies.

This has helped the company to continuously reduce its payout ratio since 2013, while increasing the distributions its making. Today, SIR pays out a dividend that yields nearly 9.2%.

## **Bridgemarq**

Bridgemarq has a stake in Royal LePage, one of the largest real estate companies in Canada.

Bridemarq's goal is to have a business where it can pay a substantial portion of cash flow back to shareholders. It does this by setting up long-term franchise agreements to create stability in its cash flows.

The long-term agreements help Bridgemarq to increase the sustainability of the dividend, which has increased 22% since 2012.

Royal LePage has over 19,000 realtors, an increase of 13% since 2005. This is important because a lot of its financial growth comes from increases in its network of realtors.

It has coast-to-coast services and its large scale and recognizable brand gives its realtors a significant advantage, which is why Royal LePage's agents were able to out-earn agents from other companies by nearly 30% last year, or \$500,000 more per agent.

The company's focus for future growth is to work on technology to offer better digital options to both its realtors and its customers. It also plans on acquiring any competing companies to help it focus on regions with growing populations.

Bridgemarq's strong plans for growth and top-quality brand should help it to continue to grow its business, which should translate to its dividend that currently pays more than 9%.

## **Bottom line**

Both companies offer investors an attractive yield with plenty of potential for growth down the road. Buying these companies while they are still cheap is a prudent move and will set up investors with ample opportunity for years.

## CATEGORY

1. Dividend Stocks
2. Investing

## TICKERS GLOBAL

1. TSX:BRE (Bridgemark Real Estate Services Inc.)
2. TSX:SRV.UN (SIR Royalty Income Fund)

## PARTNER-FEEDS

1. Business Insider
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## Author

danieldacosta

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