



## Buy This Monthly Income Stock Today

### Description

I have recently been looking to expand my [monthly income](#) and diversify into a variety of sources. Many of my monthly dividend payers are pipelines and oil companies at the moment, largely due to the fact that these are trading at fairly low valuations. Fortunately, Canada has a number of monthly income options that are worth checking out.

**A&W Revenue Royalties Income Fund (TSX:AW.UN)** is a relatively new addition to my income portfolio. I hadn't bought this in the past, given the fact that it is largely focused on the Canadian economy, and I am not very positive about Canada's future growth. I believe that Canada is cruising for a bruising in the next few years as governments and individuals continue to add to their ever-increasing debt loads.

Nevertheless, I am fairly impressed with A&W's future. First of all, this is a company that may be somewhat insulated [from a recession](#). Although restaurants may suffer as spending decreases, fast-food restaurants may actually be better supported, as people move from expensive restaurants to cheaper options.

The fund gets a 3% royalty on sales from A&W restaurants in exchange for the use of the trademarked A&W name. The only costs to the company are the minimal operating costs, debt, and income tax. It is not subject to the day-to-day variability of the actual restaurant business. This makes the fund a fairly stable, low-risk way to gain exposure to the restaurant without experiencing full business risk.

A&W pays a distribution of about 5.11% at the time of this writing, more than enough for most income-focused investors. This distribution has increased steadily for the past several years. Earlier this year, A&W raised its distribution 3.3%. The slow, steady increases to the monthly payout will probably continue if the company continues to have financial gains.

Past earnings have certainly looked positive. In the second quarter, same-store sales rose 10.3% year over year. Net income increased an impressive 6.7% as well, making this a pretty impressive growth story for a Canada-focused fast-food chain. If growth continues on this trajectory, there is a solid case to be made for continuing distribution growth.

Unfortunately, I continue to worry about Canada's economic future. We as Canadians are not in a great place to withstand any financial pressures. Saving is no longer a part of our vocabulary, and massive debt loads are a way of life. If this fragility hits Canadian consumers in the near term, A&W could suffer until spending begins to increase once again.

However, it is nice to have a company that is only affected by the Canadian economy. It is less impacted by the potential troubles outside our borders and is less affected by geopolitical risk than its multinational counterparts.

## The bottom line

A&W is a great way to get income from a Canadian-based source. Its financials look solid at the moment, and the multi-year distribution growth is encouraging. As long as Canada's economy remains strong, this restaurant royalty company should continue to provide income for years to come.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. TSX:AW.UN (A&W Revenue Royalties Income Fund)

### PARTNER-FEEDS

1. Business Insider
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