



## Investing: This 7% Yielder Pays You Every Month

### Description

There are a few key tips that will vastly improve your performance when it comes to investing — and many of these aren't new concepts. However, when you combine them, it can help make a big impact on your portfolio's growth.

The first key thing to always remember is to always invest for the long term. There is nothing investors can do about the uncertainty of the short term. So the only way to deal with this inevitable uncertainty is to lengthen your investing timeline.

We have seen time and time again that the economy will continue to grow over the long term. So the key for investors is to find the highest quality businesses that can grow even faster than the economy. This way, you are buying companies that are growing their slice of a consistently growing pie.

Another tip to remember is to use dividend payers and passive income to your advantage. Not all investors will invest solely in dividend-paying stocks, as more risk-averse investors may want higher exposure to growth. However, every diversified portfolio should have exposure to some high-quality dividend stocks.

Passive income will be crucial to maximizing the compound effect of your portfolio, which in turn will have a massive impact on your long-term performance.

## Investing in TSX dividend stocks

One of the top ways for investors to receive [passive income](#) is to invest in **TSX** royalty stocks. These stocks are almost always set up to provide investors with income first, and the potential for capital gains second.

You'll often find royalty stocks in the restaurant industry, an industry that's been devastated by the pandemic.

One company weathered the storm pretty well, however, **Pizza Pizza Royalty Corp** ([TSX:PZA](#)).

When the pandemic first hit and dining in was deemed non-essential many TSX restaurant stocks saw massive hits to their stock price. Pizza Pizza, while still impacted largely, was a lot less volatile.

Investors recognized that although there would be an inevitable drop-off in sales for the short-term, the hit wouldn't be that impactful because most locations could remain open. Furthermore, Pizza Pizza immediately transitioned, offering contactless delivery and capitalizing on consumers who may not want to leave the house to go get groceries.

This was crucial in helping Pizza Pizza to retain some sales in the early stages of the pandemic.

## Impact on business

While many of its royalty peers had to suspend dividends altogether, given there was basically no revenue coming in, Pizza Pizza only had to trim its dividend by roughly 30%. And when it did trim the dividend, it made sure to leave a margin of safety and take a conservative approach, which has also helped the company to build its cash position back up.

All in all, cash for distributions has been down by about 15%. That was at its worst point, which was in the second quarter during all the shutdowns. Compare that to its dividend, which it trimmed by 30%, and it's clear how conservative the company wanted to be.

Looking at Pizza Pizza's value today and its dividend, which is completely safe at these levels, the stock is a great pick for income investors.

Not only did Pizza Pizza handle the pandemic well, but it's also a business that is generally defensive in recessions anyway compared to its restaurant peers.

And buying [Pizza Pizza](#) at these reduced earnings levels almost guarantees that over time, sales will continue to climb back to historical levels. This will almost certainly result in a dividend increase as well as capital gains for investors.

## Bottom line

It's crucial to make sure that any potential investment you make can handle the current economic situation. Once that's been confirmed, then you can evaluate investments for their earnings potential.

That's why Pizza Pizza's a great pick today. The stock has shown it can withstand economic shutdowns, and over the next few years, as the economy rebounds, offers incredible growth potential.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. TSX:PZA (Pizza Pizza Royalty Corp.)

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## **Date**

2025/08/26

## **Date Created**

2020/10/08

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