



2 Top Canadian Passive Income Stocks to Buy Today

Description

Pizza Pizza Royalty ([TSX:PZA](#)) and **A&W Royalties** ([TSX:AW.UN](#)) are two fast-food royalty funds that few Canadian investors have ever heard of. Make no mistake, Pizza Pizza (or Pizza 73, as it's known on the west coast) and A&W are well-known, well-established fast-food brands in Canada. Still, shares have flown under the radar of all but the most [income-savvy](#) of investors.

Big yields, great prospects

Shares of both firms have been quite turbulent amid the COVID-19 pandemic. With a return to normalcy in sight, though, I believe both names are worth loading up on before the great reopening kicks in. At the time of writing, Pizza Pizza and A&W sport yields of 6.2% and 4.4%, respectively.

Passive income pick #1: Pizza Pizza Royalty

Pizza Pizza held its own quite well during the worst of COVID-induced lockdowns. Still, as lockdowns lift, many people who've grown sick of ordering pizza will be making up for lost time at their local eateries. The pizza hangover could act as an overhang on shares well into the post-pandemic environment.

Still, I find the mouth-watering 6.2%-yielding distribution to be well worth the price of admission if higher yields are what you seek.

Shares remain off over 40% from their 2017 highs. Like the low-priced pizza that Pizza Pizza sells, PZA stock represents an incredible value. The demand for pizza will fluctuate, but there will always be demand for that juicy pepperoni with cheese, especially during hockey night.

In due time, the post-pandemic pizza hangover will wane and Pizza Pizza will be back to raking in the cash and paying out handsome royalties.

Moreover, Bill Ackman recently took a big slice out of pizza peer **Domino's**, which, I believe, is a huge

vote of confidence for the pizza in the post-pandemic environment. Personally, I think Pizza Pizza is a cheaper way for Canadians to play the pizza scene.

That said, I do wish the company invested more in technological initiatives as Domino's has. The platform, I've found, is less impressive than some of the other pizza giants out there.

Passive income pick #2: A&W Royalty

A&W is a wonderful burger joint that shed over 46% of its value during the coronavirus crash. If you bought and held at the moment of panic, you're probably delighted with the 78% in gains since those early-2020 lows. Things were scary back then, as the company was forced to temporarily shutter nearly 1,000 restaurants across the nation.

Today, A&W stock is off 22% from its 2019 all-time high — a level I think could be hit over the next 18 months, as dining rooms reopen and people head back to their favourite burger joint.

Fellow Fool contributor Kay Ng is a [big fan](#) of the A&W Royalty fund ahead of the summertime reopening. The 4.4%-yielding distribution may not be the most bountiful, but in terms of stability and brand power, it's hard to match A&W.

As such, if you're a fan of the brand and the burger family, I'm not against backing up the truck on a sizeable position at these modest prices, given the potential tailwinds up ahead.

CATEGORY

1. Dividend Stocks

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1. TSX:AW.UN (A&W Revenue Royalties Income Fund)
2. TSX:PZA (Pizza Pizza Royalty Corp.)

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