



3 Dividend Beasts With a Whopping 6.88% Yield

Description

The Bank of Canada sets inflation-control targets for the purpose of preserving the value of money. However, its promise to keep the 0.25% benchmark at bay or at least until the second half of 2022 is [no longer defensible](#). Economists are mixed on the timetable, although BOC Governor Tiff Macklem intimated that the interest rate hike could happen sooner than they previously thought.

If you think it could happen as early as April 2022, there's still time to act. Some investors seek [dividend-paying stocks](#) to crush or hedge against inflation. The best options, of course, are companies with higher-than-average dividends. Three royalty stocks are dividend beasts because the average dividend yield is 6.88%.

Lower-risk income vehicle

TSX's energy stock is on fire in 2021 due to rising crude prices. Surprisingly, **Freehold Royalties** ([TSX:FRU](#)) is among the top performers, with a 118.87% year-to-date gain. Somehow, the royalty stock's sterling performance lends confidence to invest. At \$10.88 per share, you can partake of the juicy 6.42% dividend.

The \$1.69 billion oil and gas royalty company owns assets in five Canadian provinces and eight states in the United States. Freehold prides itself as a lower-risk income vehicle for shareholders. It acquires vast acres of land then actively manages the royalties.

In Q3 2021, royalty revenue and cash flows for operations grew 120% and 143% versus Q3 2020. Net income rose by a mind-boggling 16,249.6% to \$22.72 million year-over-year. Freehold celebrated 25 years as a public-listed company recently. According to its President and CEO, David Spyker, the royalty firm is well-positioned for continued success in the next quarter of a century.

Easing disruptions

The impact of the pandemic on the restaurant industry was unprecedented and severe. **Boston Pizza Royalties Income Fund**

([TSX:BPF.UN](#)) incurred losses in 2020 because of significant declines in the sales of Boston Pizza restaurants in the royalty pool. Fortunately, the easing of operational restrictions is helping the business recover from the disruption.

While management remains wary of the ongoing pandemic, royalty income improved tremendously after three quarters in 2021. The fund reported 2.2% growth versus the same period in 2020. Moreover, net income was \$24.76 million compared to the \$10 million net loss a year ago.

Regarding stock performance, current investors are pleased with the 44.02% year-to-date gain. Boston Pizza outperforms the broader market too. The share price is \$14.84, while the dividend yield is a fantastic 6.58%.

Returning to normal

Diversified Royalty ([TSX:DIV](#)) is a [prized catch](#), especially for those with limited capital to invest. It's the cheapest among the three royalty stocks (\$2.74), but it pays the highest dividend (7.64%). Also, it displays resiliency on the TSX, given its 23.53% year-to-date gain.

The \$352.08 million royalty corporation owns the trademarks to six ongoing business concerns. Its royalty streams come from AIR MILES, Mr. Lube, Mr. Mikes, Nurse Next Door, Oxford Learning Centers, and Sutton. The respective operations are returning to normal.

With the current dividend yield, an \$8,500 investment in Diversified will produce nearly \$650 in passive income. It's the equivalent amount you will earn on a \$10,000 position in a stock that pays a 6.5% dividend.

Inflation protection

If you have free cash today, invest in dividend beasts. Your passive income for the three royalty stocks can protect you from inflation.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. TSX:BPF.UN (Boston Pizza Royalties Income Fund)
2. TSX:DIV (Diversified Royalty Corp.)
3. TSX:FRU (Freehold Royalties Ltd.)

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