



Dividend Stocks to Buy: 3 Royalty Stocks for Passive Income

Description

If you're looking to boost your passive income, some of the best dividend stocks to buy are royalty stocks.

Companies that earn a royalty as most or all of their revenue typically have lower-risk business models with more robust levels of sales. It's why they make excellent investments and are some of the best dividend stocks to buy.

So, if you're looking to boost your passive income today, here are three Canadian royalty stocks to buy now.

A low-risk royalty stock

If your primary goal is to find a [dividend stock](#) to buy that can grow your passive income significantly, then **Pizza Pizza Royalty** ([TSX:PZA](#)) is one of the best to consider.

The company aims to pay out essentially all of the cash that it brings in. This means that you likely won't see much share price appreciation from Pizza Pizza, unless the company can grow its sales meaningfully and increase its dividend.

However, even without share price growth, Pizza Pizza can be attractive and a top dividend stock to buy for some investors. We already knew before the pandemic how stable its revenue was and how reliable the stock was as a passive-income generator.

But after performing better than essentially all its peers through the pandemic and showing a strong recovery ever since, Pizza Pizza has proven to be a top dividend stock to buy.

So, if you're looking to boost your passive income, the restaurant royalty stock currently [yields](#) upwards of 6.25%.

A top dividend-growth stock to buy

Another excellent royalty stock to consider, especially for investors looking for a better mix of dividend income and share price gains, is **A&W Revenue Royalty** ([TSX:AW.UN](#)).

A&W is one of the top dividend stocks to buy as it has a tonne of similarities to Pizza Pizza. Both earn a top-line royalty from highly popular quick-service restaurant chains. However, while Pizza Pizza is a reliable company that sees a steady flow of consumers, A&W's popularity has been growing rapidly.

The company has quickly become the second most popular burger chain in Canada, thanks in large part to it focusing on healthy choices and running strong and effective marketing campaigns.

Because the stock offers more growth potential, its dividend offers a slightly lower yield than Pizza Pizza at just over 4.6%. However, it's still one of the top dividend stocks to buy, especially if you want exposure to consistently increasing passive income.

A top energy stock to buy for passive income

There are several royalty stocks in the restaurant industry. However, that's not the only place you can find these top dividend stocks to buy and hold long term.

For example, another high-quality royalty stock you may want to consider today is **Freehold Royalties** ([TSX:FRU](#)), a top Canadian energy stock.

Freehold is a lower-risk way to gain exposure to the energy industry. However, it can still experience significant growth in both its share price and dividend when the industry is rallying. And that's exactly what we've been seeing over the past year.

Because it doesn't really produce any energy on its own, it just receives a royalty for the energy produced on its land, and because it has such little debt, the company is one of the lowest-risk investments you can make in the energy sector.

So, if you're looking for a top dividend stock to buy, especially in this environment, Freehold is an excellent choice. And with the energy industry's current tailwind at the moment, not only can you collect its 5.3% dividend yield, but you can expect share price appreciation as well.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

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

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