



## 3 Royalty Stocks for Less Than \$20 Per Share

### Description

Royalty companies are enticing investments in 2022 for their dividends and protection against [market corrections](#). Canada's primary stock exchange houses such companies, and three names with high yields even trade at less than \$20 per share. The exciting part is that the stocks are beating the broader market year to date.

### Oil and gas industry

Energy is the top-performing sector in 2022 due to elevated commodity prices. As of this writing, the sector is the runaway leader with its 54.73% positive return. Consumer staples are far second with +2.15%, while the remaining nine sectors are all in negative territory.

**Freehold Royalties** ([TSX:FRU](#)) mirrors the performance of the red-hot [energy sector](#), as evidenced by its 51.89% year-to-date gain. At \$16.84 per share, the dividend offer is a juicy 6.56%. Since the royalty stock pay monthly dividends, you'd have passive income monthly.

This \$2.53 billion oil and gas royalty company owns an extensive portfolio of royalty lands in North America and still expanding. Freehold derives royalty income from more than 300 industry operators that conduct drilling activities on its royalty lands. The operators pay for all related costs, such as drilling, equipment, maintenance, operations, and restoration of the lands.

In the first half of 2022, the top- and bottom-line results were mighty impressive. Total royalty and other revenue increased 138% to \$198.1 million versus the same period in 2021. The net income of \$105.27 million represents a 479% year-over-year increase.

According to management, the ongoing concerns are maintaining a strong balance sheet and taking advantage of acquisition opportunities, so Freehold can withstand potential commodity price declines.

### Quick-service restaurant

**Pizza Pizza Royalty** ([TSX:PZA](#)) continues to weather the current market storm. The \$400.6 million royalty corporation in the restaurant industry owns the rights and marks to Pizza Pizza and Pizza 73. If you invest today, the share price is \$12.45, while the dividend yield is 6.43%. Note that the business performance reflects in the stock's +8.44% year-to-date gain.

In the six months that ended June 30, 2022, total system sales increased 17.3% to \$265.42 million compared to the same period in 2021. Royalty income from the 727 restaurants in the royalty pool rose 16.1% year over year to \$17.05 million. Paul Goddard, chief executive officer of Pizza Pizza Limited, credits the strong growth in all sales channels, particularly in the second quarter of 2022, for the impressive financial results.

## Diverse businesses

Price-conscious investors have a gold mine in **Diversified Royalty** ([TSX:DIV](#)). At only \$2.92 per share, you can partake of the super-high 8.16% dividend. Management hiked dividends recently by 6.8%. A \$14,716.80 investment (5,040 shares) will generate \$100 in passive income every month.

The \$363 million multi-royalty corporation receives royalty streams from six diverse businesses. Mr. Lube, Canada's leading quick-lube provider in the routine automotive maintenance sector, is the leading company in the royalty pool.

AIR MILES (a coalition of loyalty programs), Sutton (real estate services), Mr. Mikes (a casual dining restaurant), Nurse Next Door (a home-care provider), and Oxford Learning Centre (tutoring services) round up the cast.

## Price friendly

Freehold, Pizza Pizza, and Diversified are excellent choices for investors looking for monthly passive income. All three royalty stocks are price friendly and generous dividend payers.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. TSX:DIV (Diversified Royalty Corp.)
2. TSX:FRU (Freehold Royalties Ltd.)
3. TSX:PZA (Pizza Pizza Royalty Corp.)

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