4 Telecoms, 1 Investment: Which Is Best for Your Portfolio?

Description

Canada's Telecoms are some of the best performing investments on the market, with significant growth prospects and enviable dividend yields that will make nearly any income-seeking investor grin.

But which of the four telecoms is best-suited for your diversified portfolio? Let's take a look at all four.

With more than a century of rewarding shareholders with a respectable dividend payout, **BCE Inc.** (TSX:BCE)(NYSE:BCE) is a classic buy-and-forget investment.

BCE is the largest telecom in the country, and apart from the core subscription services, BCE has a sizable media arm that is invested into radio and TV stations as well as professional sports teams. The company also made the jump over the past year into the lucrative market of home monitoring services, which will provide growth and considerable cross-sales opportunities for years to come.

Who should invest in BCE? If you're looking for a diversified investment that provides a handsome yield first, and long-term growth prospects second, BCE will augment your portfolio nicely.

BCE pays out an impressive yield of 5.55%, and at time of writing trades for just under $54 with a P/E of 17.36.

Rogers Communications Inc. (TSX:RCI.B)(NYSE:RCI) is the second largest telecom in the country, with a reach that is nearly identical to BCE. Comparisons between the two largest telecoms are uncanny; both offer the same services to the same markets and both have made similar vertical moves into the media sector as well as holding an interest in professional sports teams.

The difference lies in long-term prospects.

Rogers is undergoing a transformation that is focused on growing the mobile market while reducing churn and improving the overall customer experience. So far, those efforts have been successful, as the company reported 95,000 new contract subscribers in a single quarter, smashing the 58,000 analysts were calling for. Churn also saw a massive improvement, falling from 1.48% to 1.08% in the same quarter, which was the churn rate level seen in 15 years.

Investors who want to prioritize growth over income will be well-suited with an investment in Rogers, which pays out a quarterly yield of 3.13% with a P/E of 18.87.

Rogers isn't the only telecom that sees the opportunity in a strong mobile segment. **Shaw Communications Inc.** (TSX:SJR.B)(NYSE:SJR), which is the smallest of the four telecoms, has until fairly recently lacked a competing wireless product.

When Shaw picked up the pieces from the former carrier Wind Mobile and formed its own new mobile offering, investors and other carriers turned an eye toward Shaw. Wind was a disruptor in the mobile space, offering contract-free pricing and lower rates over its competitors. This marketed the company squarely as an alternative to the Big Three and worked very well at converting disgruntled customers to Wind customers.

Shaw is keeping that approach while at the same time investing heavily into upgrading the older Wind network, which Shaw has appropriately redubbed *Freedom Mobile.*

The strategy is working well as Shaw has already attracted 93,500 new subscribers to Freedom mobile, far surpassing the 33,400 subscribers gained last year.

Shaw appeals to investors seeking an attractive dividend and growth prospects. The current dividend pays out a handsome 4.43% yield, and Shaw trades at just over $27 with a P/E of 24.81.

Telus Corporation (TSX:T)(NYSE:TU) is the third largest carrier in the country with similar offerings and coverage as that of its larger peers. Where Telus does differ however is its lack of a media arm.

That shouldn't stop investors looking for strong dividend growth from passing over Telus ad an investment.

Telus is predominantly known as a dividend investment, and the company currently provides a quarterly payout that earns a respectable 4.52%. Even better is the fact that the company is targeting to increase that dividend by approximately 7-10% annually over the next year, which continues an impressive dividend growth trend spanning nearly a decade.

Telus trades at a little over $46 with a P/E of 18.89 at the time of writing.

CATEGORY

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TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:RCI (Rogers Communications Inc.)
3. NYSE:SJR (Shaw Communications Inc.)
4. NYSE:TU (TELUS)
5. TSX:BCE (BCE Inc.)
6. TSX:RCI.B (Rogers Communications Inc.)
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