



## 3 Dividend Stocks I Like Better Than Telus (TSX:T)

### Description

I'm not a fan of Telus at these valuations. In a [previous piece](#), I highlighted numerous reasons for disliking the stock at \$47 and change. Apart from the rich valuation, I wasn't a fan of the competitive environment, the Huawei risk, or the "tighter" balance sheet.

The 4.6% dividend yield is undoubtedly the [main attraction](#) to Telus stock for many income-oriented investors, but for those seeking a better risk/reward trade-off, I've gathered a list of three alternative stocks with similar (or better) yields with what I believe have fewer medium-term downside risks, and a cheaper valuation.

Without further ado, consider **Shaw Communications** ([TSX:SJR.B](#))([NYSE:SJR](#)), **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)), and **Manulife** ([TSX:MFC](#))([NYSE:MFC](#)). So, if you're looking at an alternative telecom, a utility, or a financial, know that there are rich yields out there at what I believe are much better prices.

### Shaw

Shaw is the nemesis of Telus. And although Telus has won many battles against Shaw, most notably in western Canada, they certainly have not won the war. And over the next three years, as 5G infrastructure is rolled out, with Shaw jumping into the wireless scene, you can be sure that there's going to be a 5G arms race that'll dictate who'll win the war for the business of Canadian consumers.

Compared to Telus, Shaw is an inferior player, but that also means that it has the least to lose and the most to gain moving forward, especially if federal regulators start playing favourites with Shaw at future spectra auctions (I'd count on that).

With a chunky 4.4% dividend yield, Shaw's not only a reliable alternative to Telus, but it's also a hedge against disruption, even if you're still a fan of Telus and its ability to fight off Shaw in an intensifying battle of telecom titans.

### Fortis

If utilities are more your forté, Fortis may be your horse. Fortis is my favourite bomb shelter stock or

bond proxy. You're getting a fat 3.8% dividend yield that's going to increase 5% every year, even if a black swan event were to wreak havoc on Bay Street.

As a highly regulated, and fast-growing utility in a low-growth space, Fortis offers peace of mind and income growth that few (if any) other stocks can provide. As such, investors should have no shame in picking up Fortis, even if they're not the so-called "worried investor" who values wealth preservation over growth.

At 18.25 times trailing earnings, Fortis certainly isn't cheap, but when you weigh what you're getting for the price you're paying, the stock isn't expensive either. It may even be slightly undervalued when you consider that the utility's full of upside surprises.

## **Manulife**

Insurance stocks are duds. They have been since the Great Recession, and with Manulife still down considerably from its post-recession top, many investors have thrown in the towel on a company that's made considerable improvements over the last decade.

The stock currently has a bountiful 4.2% dividend yield, which is slightly lower than that of Telus, but when you weigh the potential upside in a booming economy, Manulife appears to offer a superior risk/reward trade-off.

A life insurance company isn't exactly what you'd want to own in an economic downturn, as insurance products are a tough sell when times are harsh. At current valuations, the company's more considerable market sensitivity is already baked into shares. Moreover, if you're at all optimistic about the Canadian economy, Manulife may be the bet.

At the time of writing, Manulife stock trades at just 7.8 times next year's expected earnings with a 1.0 price-to-book and a 1.1 price-to-sales. That's not only cheap, it's ridiculously cheap, especially if that much-anticipated recession doesn't happen within the next three years.

Stay hungry. Stay Foolish.

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## **TICKERS GLOBAL**

1. NYSE:FTS (Fortis Inc.)
2. NYSE:MFC (Manulife Financial Corporation)
3. NYSE:SJR (Shaw Communications Inc.)
4. NYSE:TU (TELUS)
5. TSX:FTS (Fortis Inc.)
6. TSX:MFC (Manulife Financial Corporation)
7. TSX:SJR.B (Shaw Communications)
8. TSX:T (TELUS)

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