



Raptors Lose Kawhi: Should You Sell BCE (TSX:BCE) or Rogers (TSX:RCI.B) Stock?

Description

Toronto Raptors fans received disappointing news on the weekend when Kawhi Leonard announced he will not return to the NBA champions next season.

Several teams pursued the NBA Finals MVP in the hopes he would decide to leave Toronto to help them win another league title. Pundits expected the NBA star would stay in Toronto to take a shot at a repeat victory, but Kawhi Leonard has decided to return home.

The L.A. native will join the Los Angeles Clippers for the 2019-2020 season. He is expected to sign a four-year contract worth US\$142 million. The Raptors could have offered him as much as US\$190 million for five years.

The historic run to the NBA Finals and championship win put Toronto on the global sports stage. The team's success brought in millions of dollars in added revenue to the city's businesses and proved to be a nice boost for two of the team's owners, **BCE** ([TSX:BCE](#))([NYSE:BCE](#)) and **Rogers Communications** ([TSX:RCI.B](#))([NYSE:RCI](#)).

BCE and Rogers are partners in Maple Leaf Sports and Entertainment, which owns the Raptors, Maple Leafs, Argos, and FC professional sports teams.

Should you own Rogers and BCE stock?

Looking ahead to next year, investors might be wondering if they should dump the stocks, now that it is less likely the Raptors will be able to take a run at a repeat of their performance.

At this point, it would probably make sense to hold on to the shares, at least from the perspective of the sports teams.

Why?

The media divisions at BCE and Rogers account for very small percentages of overall revenues, so the impact on the bottom line should be minimal. In fact, losing Kawhi might not hurt the stocks at all.

The Raptors's success in 2019 has attracted an army of new fans, and these people will continue to support the team next year. Rogers and BCE should see high visitor traffic and viewership carry through on their sports platforms, and advertisers should be willing to pay more to reach the expanded audience.

In addition, the other sports teams can pick up the slack. For example, the Maple Leafs lost in the first round of the NHL playoffs in 2019, but the team is steadily improving, and many people believe the Leafs could reach the Stanley Cup Finals next year or in 2021.

The bottom line

BCE and Rogers are strong companies that enjoy wide moats in the Canadian communications industry and should remain attractive picks for a buy-and-hold portfolio.

BCE is popular for its generous dividend, and Rogers has proven to be a powerful growth story in the past five years. The mobile and cable provider's stock is up from \$42 to \$71 over that time frame. BCE's stock is up from \$49 to the current price near \$60 per share.

CATEGORY

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