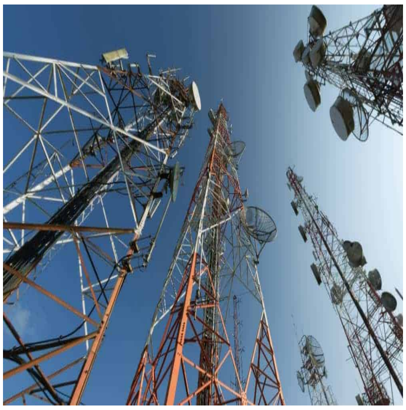

Dividend Investors: Breaking Down Canadian Telecom Stocks

Description

Investors love Canadian telecom stocks, and there are a few excellent reasons why this trend persists. From their large market share (there are only three main competitors in the Canadian market) to a nourishing blend of upside and dividends, there's a lot to recommend a TSX telecom stock to a new investor looking to pad a portfolio, feather a retirement plan, or line a Tax-Free Savings Account. Let's take a look at the top contenders now.

Telus

If it's a pure-play telecom stock you're looking for, it has to be **Telus** (TSX:T)(NYSE:TU). With its 4.74% dividend yield and attractive valuation, Telus is the major player in the west when it comes to internet, TV, and landline services. Bringing the fight to cable providers, Telus has been rolling out its fibre-to-home network across the majority of its wireline footprint.

If growth is part of your investment purview and you like attractive fundamentals, Telus is a fairly safe pick. Its wireless segment has seen consistent growth over the last 10 years as a proportion of the company's total sales, meaning that this is the stock to invest in if media doesn't do it for you and you want a simple play in the telecom space.

BCE

The parent of the Bell companies, **BCE** (TSX:BCE)(NYSE:BCE) does a bit of everything, but everything it does, it does well. Its media segment could be considered one of the few — perhaps the only — presence on the TSX that could arguably go toe to toe with **Netflix**, while its standing as an Internet Service Provider is second to none in the Canadian market — at least in terms of speed, an area in which it beats its opponents.

Bell Media has struck a deal to buy Quebec's V network and its connected assets, such as CTV. Karine Moses, president of Bell Media for Quebec, said, "Bell Media welcomes French-language conventional TV to its portfolio, creating more opportunities for viewers, advertisers, and content creators in Québec." The Francophone TV network will expand BCE's reach, and help solidify its position in the eastern half of Canada.

Rogers Communications

Meanwhile, **Rogers Communications** (TSX:RCI.B)(NYSE:RCI) continues to be the better value option in this space. However, when it comes to telecoms, this kind of valuation is not necessarily a good thing. Telecom stocks aren't like bank stocks, and when market fundamentals start looking reasonable, it usually means that the company is underperforming the market.

Indeed, Rogers Communications's recent near miss in its second-quarter results caused the stock to dip a little, though it wasn't all bad news: cable subscriptions were up, with internet revenues climbing 7%. However, actual device upgrades were down, causing revenue from equipment to ditch 5%.

The bottom line

If it's a media-infused telecom company you want to invest in, BCE is a better bet than Rogers Communications. If a strictly telecom investment is still the order of the day, Telus is the top stock to stack. Out of all three, though, BCE is looking strong and pays a decent dividend with reassuring growth ahead.

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