Trick or Treat: 1 Scary Stock to Trash and 1 to Treasure

Description

Value investors walk a fine line. On the one hand, there's good value for money, and on the other, there are plummeting stocks that deserve their low valuations. Today, two media stocks on the TSX are doing the rounds in the bargain basement, but only one of them is a buy.

What spooked investors this week?

Torstar (TSX:TS.B) is a stock to throw in the trash today. If media investors want to pick up the owner of the *Toronto Star* for cheap, they should watch Torstar for the bottom. However, as print media looks like it's going the way of the dodo, a sector that can only accommodate major players that command big bucks from advertisers, investors looking to actually make money with stocks should probably look elsewhere.

Rising restructuring costs and revenue losses were already making Torstar stock look like a strong sell, but suspending its dividend until some time late next year was the final nail in the coffin. The stock had been grinding along in the 85c zone until it finally ditched over 36% this week, as spooked investors carved it up like a Halloween pumpkin.

This week's bargain Halloween treat

By contrast, **Rogers Communications** (TSX:RCI.B)(NYSE:RCI) is a true giant of Canadian media and currently a satisfying play for value, passive income, growth, and even defensive attributes. While media isn't renowned for being classically recession-proof, a stock as integral to the Canadian way of life as Rogers should probably be assigned honourary defensive status.

Its wide-moat activities in the telcos space as well as its cable TV, phone, internet, and mass media operations make Rogers a solid buy for the long-term passive-income investor looking for stable growth. To steal a phrase from Walter White in *Breaking Bad*, Rogers isn't in the media business; it's in the empire business.

For anyone interested in Canadian sport, Rogers stock is a no-brainer. The owners of the Toronto Blue Jays — and, of course, the eponymous Rogers Centre — and with ownership stakes in the Toronto Maple Leafs, Raptors, and Argonauts, Rogers is the number one stock to buy for sports exposure. With more than 10 million subscribers, Rogers also commands a third of the country's wireless market share.

Rogers is a healthy all-rounder, with a reliable dividend, clean balance sheet, positive outlook, strong track record, and attractive value fundamentals. Its dividend currently yields 3.25%, making it moderately rewarding — though bear in mind that even some of the best diversified ETFs also tend to yield in the same range. Rogers is a sound wide-moat pick for media exposure and a must-have stock for sports fans.

The bottom line

Torstar, owner of the *Toronto Star*, is looking fit for wrapping fish and chips, and that's about it. While investors had been adopting a wait-and-see attitude, the sudden postponement of its dividend was enough to ball up the print media company and toss it in the fire. Rogers, However, is a great value play for mass media exposure with a reliable dividend fit for a TFSA or RRSP.

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3. TSX:TS.B (Torstar)

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