



What 5G Stocks to Buy: How to Make Money From Innovation

Description

Canada will be next to deliver faster high-speed wireless service to mobile customers in 2020. **AT&T** and **T-Mobile** have already rolled out 5G wireless networks for over 200 million customers across the United States. If you haven't bought stock market assets to make money from the telecommunications boom, here are some 5G stocks to buy.

Stocks in semiconductors, chip manufacturing, and real estate investment trusts (REITs) are excellent assets going into the 2020 new year. Popularity in diverse chip manufacturers particularly took off after the U.S. banned computer components from Huawei, a prominent Chinese telecom equipment provider.

Online media content companies like YouTube, **Disney**, and **Netflix** will also benefit from the broad rollout of faster, 5G service. Since big telecom providers in Canada also provide media content and constitute a powerful oligopoly in Canada, these dividend stocks are perfect picks for 2020. Nonetheless, there are other, less-apparent bets on the stock exchange ([subtle stocks offer untapped value!](#)).

5G network suppliers are the best 2020 stock market bets

I did some research on the 5G deployment and which sectors would benefit the most from the project. The answer from telecommunications executives was simple: REITs. REITs rent out towers to the primary cell service providers like **Rogers**, **BCE**, and **Telus**.

The 5G cell service providers will need to rent more tower space to deploy the network.

Sure enough, **American Tower**, an NYSE-traded telecommunications REIT, has climbed by nearly 34% in the past 52 weeks. American Tower reports a profit margin of over 20%, whereas the top Canadian telecom giant, Rogers Communications, only reports a profit margin of 13.79%. It is easy to see where the higher returns may be when comparing these two numbers.

Substantial investment costs from 5G burden the tier-one cell service providers. It is best to look at the corporations receiving the influx in demand when choosing [top stock picks for 2020](#).

Technology suppliers are top TSX stock picks for 2020

Enterprise suppliers of technology components, like the TSX Venture-traded stock **Sangoma Technologies** (TSXV:STC), are investor favourites.

Sangoma Technologies provides enterprises with voice and data components for cloud-based applications. Jim Machi, vice president of Marketing at Sangoma, had this to say about the impact of 5G:

“If access to that compute power is more readily available via 5G or ‘fibre everywhere’ initiatives, then they’ll be utilized either because it makes the user experience better and thus increases revenue due to subscriber usage, or because ultimately it decreases costs because less human interactions will be required. In 2019, we should begin seeing communications applications emerge that take advantage of AI and data mining in general.”

The company anticipates broad impacts of 5G on video and voice communication for enterprises in the next year. As a cloud-based services provider offering remote voice-over-internet-protocol equipment, service quality and demand will improve next year with the enhanced connectivity from 5G.

In the past year, the price of shares in Sangoma stock has surged 88.33% to \$2.34 per share. The company is in excellent financial health with a positive levered free cash flow of \$8.03 million. Although the stock doesn’t issue a dividend at this time, shareholders shouldn’t rule out the possibility.

Annual revenue just about doubled for Sangoma between 2018 and 2019. Healthy growth in revenue combined with financial stability indicates that shareholders should see some of those returns coming back to them after the new year.

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