Buy This 1 TSX Dividend Stock for 75% Returns in 5 Years

Description

Using a “Warren Buffett” approach to investing in the future can be boiled down to some basic requirements: identify sources of long-term value and understand the company you’re buying a stake in. Today, we will take a look at a Canadian stock that fits this simple strategy.

A wide-moat media giant

There are a few strong reasons to buy **Rogers Communications** (TSX:RCI.B)(NYSE:RCI) right now, even amid the current market turbulence.

First off, sports media is recession proof. To test this thesis, ask any one of your friends or family if they would stop supporting their team if the country went into recession. The answer is likely to be a strong “no.” In fact, sports fans are likely to be even more emotionally invested in their team during a market downturn, since feelings tend to run high when the economy is on the ropes.

And Rogers Communications, with its strong media presence, is possibly the strongest stock to buy for access to the sports media space. Indeed, the owners of the Toronto Blue Jays, the eponymous Rogers Centre, and with stakes in the Toronto Maple Leafs, Raptors, and Argonauts, Rogers Communications has to be one of the core TSX stocks for access to upside from Canadian culture.

Commanding a third of the market share, Rogers Communications also has a reassuring 10 million wireless subscribers under its belt. Plus, with the potential for 75% total returns by 2025, Rogers Communications is a strong play for dividend growth and, as such, is one of only a handful of big-name stocks to buy and hold in the current economic climate. Its dividend is reliable and safe with a projected three-year payout ratio of 45%.

A blue-chip name for playing defence

Last week, the risk-reward balance seemed abnormally skewed towards the bullish end of the spectrum. It’s not so this week, with investors finally reacting to the Coronavirus with the temerity the situation deserves. With the Dow tumbling 1,000 points Monday and the TSX also down, risk has returned to the global economy with a vengeance.

That's why wide-moat dividend stocks like Rogers Communications are a safe bet for everyone from retirees padding out a Registered Retirement Savings Plan to new investors adding blue-chip companies to a Tax-Free Savings Account, especially if passive income factors into your short-term financial goals.

That 3% dividend yield is what makes Rogers Communications stock a rewarding pick for your long-term plan, with its 50% payout ratio leaving plenty of room for growth. The media and telco pick's dividend passes most of the tests an income investor should put a prospective stock through. Its payments are higher then the lowest 25% of TSX stocks, reliable, and well covered.

The bottom line

Ready for a recession and paying a healthy dividend, Rogers Communications stock is a strong buy for its sturdy passive income and diversified business operations. Buying dividend stocks like Rogers Communications is a smart move for investors thinking about the future, especially if you're going to be packing them into an account dedicated to long-term, tax-free savings.

CATEGORY

1. Dividend Stocks
2. Investing
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