



2 Telecom Stocks That Raised Dividends in Q1

Description

Several retail investors have adopted a dividend-growth strategy as a means to build strong and sustainable income. Many also depend on dividend companies in retirement. The strategy is growing in popularity as record-low interest rates make bonds and GICs much less attractive.

One of the best places to start is the Canadian Dividend Aristocrat list. These are companies that have raised dividends for at least five consecutive years.

Last week, we took a look at the many companies that either cut or [suspended dividends](#). Thanks to recency bias, investors may not realize that the first quarter was also a strong one for dividend-growth investors.

In the first quarter, 40 Canadian Dividend Aristocrats raised the dividend. Today, we'll take a look at two companies in the communications services sector that came through for investors.

	Old	New	Percentage	Date
BCE (TSX:BCE)(NYSE:BCE)	\$0.7925	\$0.8325	5.05%	2/6/2020
Quebecor (TSX:QBR.B)	\$0.1125	\$0.20	77.78%	3/12/2020

The biggest telecommunications company

In Canada, the Big Three dominate the telecom industry, and there is none bigger than BCE. One of the largest companies in Canada, BCE has a market cap in excess of \$51 billion.

In early February, BCE came through for investors with a 5.05% raise to the dividend. The raise effectively extends the company's dividend-growth streak to 12 years. Over this period, BCE has averaged mid-single-digit dividend growth.

Having paid out an uninterrupted dividend since its IPO in 1983, there is no question that BCE is among the best income stocks in the country. As the largest and most diversified in the telecom industry, it is also best positioned to weather any prolonged economic downturn.

In the first quarter, BCE's stock lost only 4.04% of its value. This performance was more than double that of **Telus** and **Rogers Communications**. It also far outpaced the S&P/TSX Composite Index, which lost 21.59% of its value through the end of March.

Investors looking for safe and reliable income would do well to add BCE to their portfolio. It is among the safest income stocks in the country.

A threat to the Big Three?

One telecom that doesn't get nearly enough attention is Quebecor. This regional player is a diversified media company that has been crushing the Big Three. Over the past five years, Quebecor's share price has gained 92.75%, more than double the best performing of the Big Three — Rogers Communications (+42.04%).

Not only is it growing at a fast pace, the company is now becoming an interesting alternative for those seeking dividend growth. On March 12, Quebecor raised the dividend by 78%, the biggest raise among all Canadian Dividend Aristocrats thus far.

Quebecor is a newcomer to the Aristocrat list, having only been added this year. The big raise extends the dividend-growth streak to six years. Over the course of this streak, it has consistently raised dividends by more than 50%. March's raise improved the company's yield considerably, and at 2.71%, it now makes for an attractive income stock.

The best news? Quebecor is likely to out-raise the Big Three for the foreseeable future. Although growth is expected to taper given the current environment, it still has the lowest payout ratio (about 37%) among all telecoms.

Are these telecom stocks buys today?

In today's environment, investors will want to ensure their portfolios are protected against considerable volatility. The communications services sector is defensive by nature and should do well regardless of economic conditions.

Given this, both BCE and Quebecor make for [excellent income](#) options. With BCE, you are getting a safe and reliable 5.81% yield and one of the longest dividend streaks in the country. Although Quebecor is a newcomer, it has a respectable yield and offers investors more potential for capital growth.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

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1. NYSE:BCE (BCE Inc.)
2. TSX:BCE (BCE Inc.)
3. TSX:QBR.B (Quebecor Inc.)

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