Telecom Investing: 2 TSX Giants to Watch

Description

While stocks continue to bounce around, some long-term investing opportunities are arising. Specifically, there are some telecom investing stocks that are now offering solid value.

These stocks are typically associated with high yields, defensive positioning, and stability. However, these **TSX** giants have some solid growth prospects to offer on top of that with 5G just around the corner in Canada.

Of course, there are issues to tackle in the short run. There's no question the economy has tightened, which will also affect telecom investing.

However, these two blue-chip stocks have shown resiliency in the past and are positioned to continue performing well. Over the long run, the total return potential is high with these telecom investing giants.

Rogers

Rogers Communications (TSX:RCI.B)(NYSE:RCI) is a large Canadian media and telecom company. It provides various services to its large base of customers including mobile phone, television, internet, and entertainment services.

There's no question that parts of the business have been hit hard recently. However, Rogers' diversification and defensive positioning have allowed it to mitigate the damage.

Plus, 5G networks are still set to fully release across Canada by the end of this year, and Rogers will be looking to continue being an industry leader with new network infrastructure.

Rogers is also doing its part in helping encourage growth in the Canadian economy. It recently announced that 100% of its customer service team across all brands is now based within Canada.

As of this writing, this telecom investing giant is yielding 3.62% and trading at $55.26. While revenue growth dipped a bit recently, the payout ratio is still a mere 51.41%, and as such I wouldn't fear any dividend cuts at the moment.

For long-term investors, the upside in share price coupled with the palatable yield should make for decent total return potential.

Bell

BCE (TSX:BCE)(NYSE:BCE) is the publicly traded holding company for Bell Canada and Bell MTS. This telecom investing option operates in many of the same segments as its peer Rogers.

Recently, Bell has been furthering its reach in media and entertainment, namely, by making a few acquisitions of media assets in Quebec.

This **TSX** giant has long been associated with massive dividend yields, and that's no different now. As of this writing, BCE is trading at $56.83 and yielding 5.86%.

Now, while that yield does dwarf the one Rogers is offering, the payout ratio is coming in at a whopping 92.27%.

However, BCE does have a very healthy balance sheet, and revenue growth wasn't hit nearly as hard as it was for Rogers. Even still, BCE's ability to maintain that dividend is something worth considering when picking a telecom investing stock.

BCE will be looking to capitalise on the release of 5G nationwide and is partnering with Ericsson to deliver its 5G services to customers.

Over the long run, BCE should be able to deliver investors large total returns, as it's priced decently with an outsized yield as of this writing.

Telecom investing strategy

Both of these TSX giants are great picks for a telecom investing plan. With Rogers, you get a smaller albeit safer yield while investors can enjoy a bigger yield with BCE.

If you're looking to pick up some telecom stocks for the long run, be sure to give these two good consideration.

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