



## Passive-Income Investors: 2 Battered but Buyable Telecoms With Swollen Dividend Yields

### Description

Passive-income investors should not fear the latest bout of [volatility](#). With the **S&P 500** flirting with correction territory once again, the yield bar has been raised that much further for various dividend stocks, including the likes of the battered telecoms that [can't seem to catch a break](#) amid this horrific pandemic.

Despite sporting relatively resilient operating cash flow streams, a majority of the telecoms are at risk of seeing their average revenues per user (ARPU) numbers being depressed for longer. Amid another wave of lockdowns, mobile data usage and roaming charges could be at risk of plunging again, and that's less financial flexibility for the telecoms, which are poised to spend exorbitant amounts to roll out the new generation of telecom tech such as 5G infrastructure. While the coronavirus pandemic has been a source of pressure on cash flows, their dividends still look intact and positioned to survive through this unprecedented crisis.

With the slate of Canadian telecoms selling off violently on Wednesday, now seems to be as good a time as any for passive-income investors to go against the grain by locking in a swollen dividend yield with a telecom that is down but certainly not out in the face of a potential second wave of shutdowns.

This piece will have a look at two telecoms that I think are the best of the pack. And I'm not just talking about the Big Three. In no particular order, consider the following:

### Telus

**Telus** ([TSX:T](#))([NYSE:TU](#)) stock took on a left hook to the chin on Wednesday, with shares falling 3.3% as a part of a broader panic-driven market pullback. Telus shares were among the hardest of hit telecoms on the day, and for no real good reason. Yes, COVID-19 cases are surging, but with no media segment and a somewhat more COVID-resilient business than many of its telecom peers, I thought Telus stock should have held its own better than the broader basket of telecom stocks.

With negative momentum picking up, Telus is at risk of falling back to its ominous March lows at around \$20 and change. With a dividend yield that's swollen to 5.14%, I'd initiate a position today with the intention of scooping up more shares on the way down to average down your cost basis and average up your dividend yield.

Telus's dividend is safe and sound. While the COVID-19 impact has undoubtedly been felt by the firm as well as its peers, I think passive-income investors have a lot to gain over the long haul by going against the grain here.

## Shaw Communications

**Shaw Communications** ([TSX:SJR.B](#))([NYSE:SJR](#)) plunged 2.4% on Wednesday, bringing shares down 28% off their 2017 all-time highs. With one of the best value propositions in the country, with Shaw Mobile, the coronavirus recession, I believe, will cause a massive acceleration to its subscriber growth at the expense of the Big Three.

A worsening COVID-19 crisis means belt-tightening will be a must for many affected Canadians. With a lack of media assets and one of the best value offerings for western Canadian bundlers today, I think investors should be hiding out in shares of Shaw, rather than ditching them just days before the company pulls the curtain on its coming quarterly results.

With a 5.4% yield, Shaw is my top pick in the Canadian telecom scene at this juncture and think it's well positioned to continue navigating the rough market waters for many months to come. I also think the subscriber growth potential of Shaw Mobile is vastly discounted by passive-income investors and analysts.

### CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Investing
4. Stocks for Beginners

### TICKERS GLOBAL

1. NYSE:SJR (Shaw Communications Inc.)
2. NYSE:TU (TELUS)
3. TSX:SJR.B (Shaw Communications)
4. TSX:T (TELUS)

### PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise

7. Yahoo CA

**Category**

1. Coronavirus
2. Dividend Stocks
3. Investing
4. Stocks for Beginners

**Date**

2025/07/21

**Date Created**

2020/10/29

**Author**

joefrenette

default watermark

default watermark