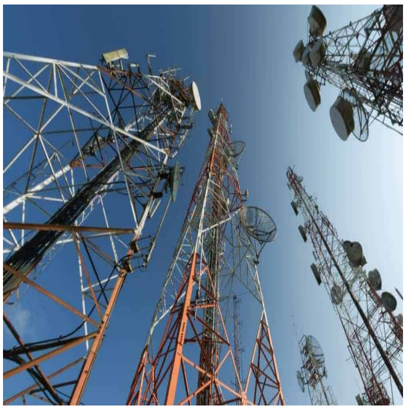

The Buy-and-Forget Telecom

Description

Canada's telecoms are some of the best long-term investments for your portfolio. The Big Telecoms in particular offer investors steady growth and a decent dividend. But which of Canada's telecoms is the buy-and-forget telecom for your portfolio?

default watermark

Today let's take a moment to talk about **Shaw Communications** (TSX:SJR.B)(NYSE:SJR)

How Shaw differs from its peers

Shaw is the smallest of Canada's Big Telecoms. The company only recently launched its wireless segment in the past few years. Actually, in order to help finance that foray into the mobile space, Shaw offloaded its sizable media holdings, becoming a pure-play telecom.

While Shaw continues to expand out its mobile offering, the company is using its smaller footprint to its advantage. Shaw targets existing subscribers from its larger peers by offering more aggressive pricing and better data allowances.

Those efforts have helped Shaw quickly secure a growing number of subscribers. By way of example, in the most recent quarter, Shaw welcomed a record net new 101,000 wireless subscribers. This represented a whopping 31% year-over-year increase. Part of the reason for that superb growth is Shaw's latest offering, Shaw Mobile.

Shaw Mobile is a mobile service that is available for existing Shaw Internet subscribers. The service allows those existing customers to bundle-in mobile service at a lower cost.

In case you're wondering, the benefit in Shaw making this move is two-fold. First, the company adds a defensive moat around its wireless offering. Some customers may be inclined with a smaller coverage area (particularly during a pandemic) in exchange for a smaller bill. The second point relates to the service itself.

Shaw Mobile subscribers expand their service area by bouncing off wireless points situated in cities. In other words, it provides expanded coverage to some subscribers already on a plan via Wi-Fi. This is similar to what **T-Mobile** did in the U.S. market years ago, and was ultimately a resounding success.

Why is mobile so important?

Prospective investors might be wondering – why all the emphasis on wireless device connections? To answer that, let's take a look back at the past decade. The advent of the smartphone has made countless standalone devices obsolete. We no longer need an alarm clock or music player. The same could be said of keeping a camera handy in case you need to take pictures. Similarly, we no longer need standalone video cameras, audio recorders, or even notepads.

The list of standalone devices no longer needed is easily in the hundreds, but that convenience comes at a cost- data. Each of those obsolete devices represents an application that consumes storage space and data. The former leads to consumers being the latest (larger) smartphone, while the latter results in buying data plans with larger allowances. Either way, Shaw benefits and in turn, provides investors with a healthy dividend.

Shaw's dividend is one final area where the company differs from its larger peers. In short, whereas other telecoms provide a quarterly payout, Shaw has opted for a more frequent monthly distribution. This makes an already stable dividend that much better, as it provides a steady income stream. That factor alone makes Shaw a great buy-and-forget telecom option.

default watermark

At the time of writing, that distribution works out to a juicy 5.33%. To put that income-earning potential into context, a $30,000 investment in Shaw will provide just over $130 each month.

Your buy-and-forget telecom stock is waiting

Shaw is a great long-term investment. The company continues to expand its mobile offering while providing investors with a solid monthly dividend. In my opinion, Shaw is a great buy-and-forget telecom investment that should be a core part of any portfolio.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:SJR (Shaw Communications Inc.)
2. TSX:SJR.B (Shaw Communications)

PARTNER-FEEDS

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

6. Sharewise
7. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Date
2025/08/21
Date Created
2021/01/31
Author
dafxentiou

default watermark

default watermark