



Worried About a Market Correction? This 5G Stock Provides Defensiveness in Spades

Description

Many investors have reason to be concerned the market could be heading for a significant correction. Indeed, valuations are approaching extreme levels relative to historical standards, and the economic outlook remains pretty bleak a few years out.

In that context, I think **Rogers Communications Inc.** ([TSX:RCI.B](#))([NYSE:RCI](#)) is one of the best defensive options to own for those encumbered by such worries.

Defensiveness arising from reliable, reasonable total returns

Rogers has proven to be a great company to own over the long-term for investors seeking total return. Indeed, when one considers capital appreciation alone, Rogers really lags the market. For example, over the past five years, Rogers' stock price has only appreciated roughly 18%. That's a compound annual growth rate of only 3.4%. Some high-yielding interest rate accounts paid close to that prior to interest rates being cut to zero as a result of the pandemic a year or so ago.

At first glance, this is a stock that is standing still. Buying a sideways-trading stock in an otherwise growing market doesn't make sense. However, when one factors in dividends into the equation, the picture becomes much rosier. Rogers' dividend yield of approximately 3.4% today (and it was much higher during the pandemic-driven selloff) doubles that return. This is a stock that has pretty consistently provided about half its returns from capital appreciation, and the other half from dividends.

Thus, this is not a growth investor's stock. Rather, this is a stock long-term investors nearing retirement or looking for a stable and growing income stream ought to consider.

5G is the real catalyst investors need to consider right now

In my view, other than the dividends these telecommunications stocks provide, 5G is the real catalyst right now for this sector. There's a solid case to be made that Rogers can grow at a higher rate over

time. Data usage and other high-margin revenue streams driven by 5G will continue to grow, boosting Rogers' margins substantially in the years to come.

Rogers has taken on a lot of debt to invest in the infrastructure needed to take the lead in providing 5G coverage. However, I think the company's foresight in this regard positions the company well for long-term growth and margin enhancement. I think growing market share and gobbling up as much of the 5G market as possible will be the goal for every telecom player in the coming quarters. Right now, Rogers looks to be leading the pack.

Indeed, this key catalyst gives long-term investors in Rogers hope for a return that will at least pace the broader market over time. At the very least, this is a stock that one won't lose their life's savings over in a market correction-type scenario.

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