



My 10-Year TSFA Portfolio: The 5 Best 5G Stocks to Buy With \$500

Description

The [5G revolution](#) has begun. It will change the world in ways you only saw in futuristic movies. From unmanned aerial vehicles delivering your parcels to digital assistants filling your grocery and driving your car. 5G has the power to make all of this a reality. It will connect the devices on the field with high-speed, low-latency internet. And you can be an early investor in this future by investing in 5G stocks.

My \$500 5G portfolio

A few years back, the virtual reality (VR) and the Internet of Things (IoT) revolution didn't pick up because of the lack of infrastructure that could support this technology. But 5G will bridge this gap and make your IoT devices much more useful. The [potential of 5G](#) is far more than 4G, as it supports edge computing. You can tap this growth potential only if you have the patience to buy and hold these five 5G-related stocks for the next 10 years.

The five stocks that I am talking about are currently trading below \$60. They are a blend of growth and dividend stocks and can give you a good risk/reward balance in your Tax-Free Savings Account (TFSA) portfolio.

If you had invested \$500 equally among these five stocks at the start of the year, you would now have \$90 in your TFSA in less than three months. The next 120 months would be even more exciting for these stocks.

Sierra Wireless stock

The first step towards building any hardware technology is semiconductors that power the device. The semiconductor market is consolidated, with big names only trading on the Nasdaq. But there is one Canadian stock that shares the semiconductor profit. **Sierra Wireless** ([TSX:SW](#))([NASDAQ:SWIR](#)) makes modules, gateways, routers, SIMs, and IoT platforms.

The 5G revolution will require everyone to upgrade their routers, cellular modules, and gateways,

thereby accelerating Sierra's revenue growth. Moreover, 5G will boost IoT adoption by increasing the application of these devices. This will lead to more demand for its IoT platforms. Sierra has already secured 15 design wins for its 5G offerings and expects to start seeing 5G revenue in 2021.

The stock surged as much as 49% in January, but a supply shortage in the chip industry pulled it down. Even if the stock reaches its January high of \$27.3, it has a 28% upside potential.

BCE stock

Once the chips that power 5G communication are in place, you need the communication services. The telecom market is already consolidated with a few players. This is because building communication infrastructure is capital intensive. This is where **BCE** ([TSX:BCE](#))([NYSE:BCE](#)) has a competitive advantage building and maintaining the largest communication infrastructure in Canada. It has accelerated its investment in expanding its 5G footprint.

It is already operating its 4G infrastructure at a 42% adjusted EBITDA margin. The 5G infrastructure will create more endpoints, which means more data plans and higher cash flow. BCE is known for its dividends, increasing it at a compounded annual growth rate (CAGR) of 6.4% in the last decade. The 5G will help BCE accelerate its dividend growth rate in the long term.

Telus and Telus International

The next in line after BCE in telecom companies is **Telus** ([TSX:T](#))([NYSE:TU](#)). In the last 10 years, the company [increased its dividend](#) at a CAGR of 11.6%, and its stock surged 122% to \$26.6. Telus stock surged faster than BCE, which surged 56% to \$56.48. This is because of Telus's presence in digital healthcare and agriculture technology.

Telus has expanded its business vertically to tap digitization. Last month, it launched the initial public offering of its digital solutions business **Telus International** ([TSX:TIXT](#))([NYSE:TIXT](#)). Telus International has higher growth than Telus, as the former caters to high-growth verticals, including tech, games, communications, media, eCommerce, fintech, healthcare, travel, and hospitality.

At \$36, Telus International stock is a good bargain as it has a dual benefit: Telus's customer outreach and the growth from the digital wave.

BlackBerry stock

The IoT and digitization wave will lead the way to growth for **BlackBerry's** endpoint security and vehicle communications solutions. Canadian billionaire Prem Watsa sees growth potential in BlackBerry; his second-largest holding is in this stock.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:SWIR (Sierra Wireless)
2. NYSE:BCE (BCE Inc.)
3. NYSE:TIXT (Telus International)
4. NYSE:TU (TELUS)
5. TSX:BCE (BCE Inc.)
6. TSX:SW (Sierra Wireless)
7. TSX:T (TELUS)
8. TSX:TIXT (Telus International)

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