



1 High-Conviction 5G Pick to Buy Right Now

Description

With valuations nearing all-time highs across the board, many investors are looking for more defensive growth options today. Indeed, I think the telecommunications sector is one such space to consider.

The growth the [5G rollout](#) should provide will give telecom investors a nice boost in the years to come. Indeed, I think a tremendous amount of healthy capital appreciation is on the horizon.

Growing demand for seamless connectivity and faster internet and data speeds has made the 5G space one that has become popular among investors seeking growth. Indeed, I think the highly defensive nature of this high-growth segment is hard to find in this environment.

In this environment, I think **Rogers Communications** ([TSX:RCI.B](#))([NYSE:RCI](#)) is a top pick. The company's near- and long-term trends are moving in the right direction. Indeed, the company's technicals look better than they have in some time.

Here are some additional reasons why Rogers remains one of my [top picks](#) today.

“Infrastructure play” thesis remains strong

The 5G space is seeing increased demand, as the world remains locked down. We're all using more data than ever, and the returns 5G should provide telecom players is impressive.

Large players like Rogers continue to focus on building infrastructure to meet increased demand from data streaming, video conferencing, gaming, and remote working. Those seeking direct exposure to this catalyst would be best served by gravitating toward infrastructure plays right now.

Accordingly, I view Rogers's valuation in this light as attractive today. The company's share price remains approximately 50% below its fair price, according to my models. The company's return on equity of nearly 17% is among the highest in its sector. Furthermore, the company's price-to-earnings ratio of 19 is extremely attractive for those factoring in 5G growth. Compared to this sector, this valuation also appears to be extremely attractive.

I think Rogers will continue to see excellent growth on the basis of its infrastructure investments over time.

The Shaw deal provides tonnes of upside potential

There's no doubt that the proposed \$20 billion acquisition of **Shaw Communications** is massive for both the companies and the industry in general. However, my take is that this deal is more beneficial for Rogers.

With the deal, Rogers claims a stronger position in Western Canada. The ability of the combined company to roll out its 5G network across the country faster than its competitors is emboldened by this deal.

I think Shaw was going to have a tough time rolling out 5G in Western Canada without a partner. This deal is thus beneficial for both companies. That said, the market share boost and national expansion Rogers will receive as a result of the deal is highly bullish for those holding Rogers stock today.

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