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## Capture Dividend Yields of up to 10.3% with these Fast-Growing Foreign Telecom Stocks

-- By Nick Lanyi

Global telecoms have delivered total returns of +125% for investors over the last five years. What's more impressive though, is the sector's recent performance, and its ability to shine in less-than-sunny markets.

*(Full Story Below)*

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## Capture Dividend Yields of up to 10.3% with these Fast-Growing Foreign Telecom Stocks

When Alexander Graham Bell uttered the words, "Mr. Watson, come here. I want to see you," he launched an industry that continues to change the world, even today. In an age when the latest technical innovation grabs the investment headlines, you might overlook an industry founded on a 132 year-old technology.

But there is nothing dated or stodgy about global telecommunications companies, which continue to outperform the market -- while paying 8%, 10%, and even higher yields.

Global telecoms have delivered total returns of +125% for investors over the last five years. What's most impressive though, is this sector's recent

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By Nick Lanyi  
May 7, 2008

Current yields are a great place to start looking for solid income opportunities, but if you want to turbo-charge your income you need to find an investment that delivers strong annual dividend growth year-in and year-out.

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[Capture 20% -Plus Yields by Investing in the "Other Side" of the Construction Business](#)

By Nick Lanyi  
April 30, 2008

performance. While domestic investors have been hammered by the subprime credit crisis, rising fuel costs, the falling dollar and a slowing economy, the story is just the opposite for international investors. Foreign stocks have been on a tear, and global telecoms have delivered some of the greatest gains.

Since the beginning of 2007, the S&P 500 Index has posted gains of around +11%. But as the chart shows, the iShares S&P Global Telecom Index has outperformed the S&P by a better than 3-to-1 margin over this same time period.

Although many investors aren't aware of it, foreign dividend-paying stocks (and global telecoms in particular) are known for their ability to shine in less-than-sunny markets. According to a recent report by Merrill

Lynch, foreign dividend payers had only a 51% correlation with the S&P over the past ten years. This means global telecoms don't move in tandem with U.S. markets -- making them even more desirable investments during periods of economic uncertainty or market downturns (the exact type of environment we're in now).

#### Take Advantage of International Growth

An obvious reason for global telecom's superior performance has to do with the fast-growing economies they serve. Even in the best economic times, the developed U.S. economy grows more slowly than emerging and developing economies. And with a projected U.S. slowdown, the International Monetary Fund projects that a full 176 countries throughout the world will deliver stronger economic growth than our domestic economy in 2008.

China is on target to deliver +10% economic growth this year, and India is approaching double-digits at +8.4%. In fact, the emerging markets and developing countries are projected to grow, on average, more than four times faster than the U.S. this year.

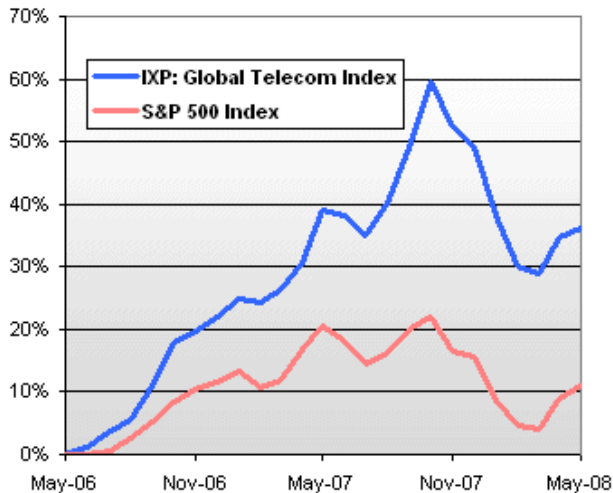
As emerging markets grow, basic telecom services connect more segments of the population. For example, as recently as January 2008, just 24.6% of India's vast population was estimated to have regular telephone service. By 2010, India is projecting phone service will reach 40% of the population, or about 500 million people. And as disposable incomes in developing countries increase, the demand for high-end telecom services will continue to rise. In Brazil, for example, Internet usage is expected to grow nearly +10% per year for the next five years.

Thanks to rising demand for both traditional phone service in emerging markets, as well as high-end services like Internet and wireless, global telecoms should continue to thrive for years to come.

#### High Yields at Bargain Prices

But as good as the growth story is for global telecoms, the income story is even better. These companies pay high, dependable yields, supported by their terrific cash flow. For instance, London-based BT Group currently pays a 5.1% yield.

**Global Telecom Index vs. S&P 500 Index**



The building and construction boom is in full swing, and investors should sit up and take notice. But I'm not talking about housing, nor am I solely referring to the U.S. market. Instead, I'm talking about the expanding infrastructure construction industry.

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**[Foreign Stocks Are Skyrocketing -- Here's How to Capture Your Piece of the Action, and Lock in Yields of up to 23.0%](#)**

By Nick Lanyi  
April 23, 2008

It has long been understood that the U.S. drives the world economy, but that is changing. This year may mark a "perfect storm" of negativity for the U.S. economy, but much of the world is expected to enjoy strong economic growth.

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Meanwhile, Compania de Telecomunicaciones de Chile is dishing out a healthy yield of 6.5%. But that just represents the low side of what you can expect -- as you'll discover in a moment, I've identified a handful of other global telecoms paying yields of 10% or more!

Given their safety and high income, one would probably expect global telecom stocks to trade at premium prices. But surprisingly enough, this sector actually trades at a steep discount to the overall market. In fact many of my favorite global telecoms are selling at multiples of less than five times cash flow -- a third of the normal 15 times cash flow for companies in the S&P 500.

#### Currency and Tax Benefits

There are even more benefits to investing in global telecoms. For one thing, these foreign companies pay their dividends in local currency, giving you a perfect opportunity to profit from the declining U.S. dollar.

Suppose you invested in a European stock that paid an annual dividend of 5 euros per share. This dividend would have been worth only \$4.15 annually in 2002. But thanks to the falling dollar, the same 5 euro dividend is now worth \$7.85 -- an increase of +89%. How many U.S. stocks have you run across that have raised their dividends +89% since then?

Another benefit of these high-yielding foreign telecoms is that most of their income should qualify for the reduced 15% dividend tax rate. This makes them a perfect choice for taxable brokerage accounts.

#### Safer Double-Digit Yields

Thanks to their ability to outperform in difficult markets and thrive in the world's growing economies, global telecom stocks offer outstanding opportunities for growth.

Even better yet, this sector also offers some of the highest and most secure dividend yields on the planet.

In recent months, I've profiled a number of my absolute favorite foreign telecom stocks in the pages of my premium newsletter . . . [High-Yield International](#). These include a South American company that has skyrocketed +150% in the last five years and currently yields 8.2%, as well as a New Zealand based telecom that's yielding an impressive 10.3%. And thanks in large part to the declining dollar, this high-yielding stock has boosted its annual dividend payment from \$0.58 to \$1.72 per share over the past five years -- for an impressive +196% dividend growth.

If you'd like to learn the names of these stocks -- plus receive a steady stream of foreign stocks, funds, global telecoms and other investing ideas with abnormally high dividend yields each and every month -- then I'd like to extend you a personal invitation to try my premium investing newsletter . . . *High Yield International*. [Visit this link to learn more.](#)

Thanks for joining me on my search for today's highest-yielding securities!



*Nick Lanyi*

-- Nick Lanyi  
Co-Editor  
*Global Dividend Opportunities*

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