4 Unlikely Reasons Your Portfolio Needs BCE Inc.

Description

One of my favourite aspects of investing is the broad spectrum of companies and investment strategies to choose from. Every sector of the economy is represented in the market, and some companies cater to both dividend and growth-minded investors.

BCE Inc. (TSX:BCE)(NYSE:BCE) is a unique investment opportunity that, surprisingly, some investors still have not considered adding to their portfolios. For those investors still contemplating BCE, here are some reasons that are not often mentioned, but that do hold significant potential.

1. BCE's business is secure

Telecoms such as BCE have inadvertently become staples of modern society. Consumers are becoming increasingly more connected and reliant on mobile devices, with an insatiable appetite for more data with each passing year. Nearly 80% of Canadians own at least one smartphone, with many of us donning more than one.

For BCE, this translates into a secure and growing source of revenue that more than offsets the number of landline and TV subscribers who are cutting the cord in lieu of mobile-only and streaming solutions.

In the most recent quarter, BCE announced an impressive 8.8% increase in the number of subscribers year-over-year, with 117,000 new post-paid subscribers in the wireless segment.

2. BCE pays out a great dividend

BCE has been offering investors a great dividend for well over a century. The current quarterly dividend provides investors with an impressive 4.96% yield that has grown steadily over the years.

One concern surrounding telecoms is how that impressive dividend will continue in an environment of higher interest rates. The U.S. Federal Reserve (the Fed) raised rates three times last year; here in Canada, rates were increased twice in quick succession. Further hikes are expected in 2018, which has some investors diverting their attention from BCE and looking to other long-time dividend favourites instead, as they fear that the rate increase could eat into dividend payouts.

Fortunately, despite the increases we witnessed last year, interest rates remain low, and the impact on BCE is still negligible apart from creating a buying opportunity for investors.

This allows BCE to remain one of the best long-term dividend plays on the market.

3. BCE has plenty of growth prospects

Being a telecom, BCE has drawn a fair share of criticisms from armchair investors. Chief among those is that because of the handsome dividend, BCE offers few, if any, growth prospects for investors.

This couldn't be further from the truth.

BCE's superior market position has allowed the company to grow both by acquiring smaller telecom players and branch horizontally into other businesses, such as the recent acquisition of AlarmForce Industries, which was approved by shareholders last month.

4. BCE is everywhere

One of the things that never ceases to surprise me about BCE is just how ubiquitous it is. Due to the vast empire of holdings it has, chances are that throughout the course of a typical day, you will interact with one or more services offered by BCE.

That could include using BCE's wireless network to send or receive information, watch or listen to one of the many BCE-owned media properties, or even traverse through a BCE-owned property.

BCE has become so entrenched in our daily lives that we often dismiss or take for granted just how diversified the company really is. A temporary weakness in one segment could therefore be offset by strength in another.

In my opinion, BCE remains an excellent long-term investment opportunity for those investors seeking a buy-and-forget stock that offers income and growth prospects.

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Date
2025/07/22
Date Created
2018/01/16
Author
dafxentiou