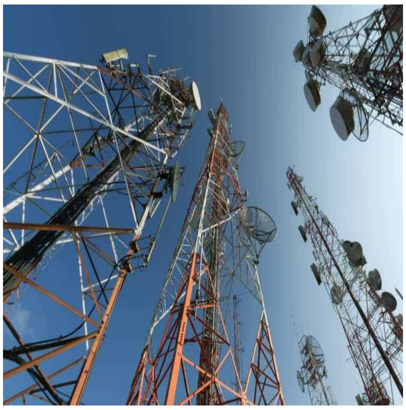

Is BCE (TSX:BCE) a Good Investment?

Description

Both new and seasoned investors alike know the importance of adding one or more defensive investments. Those defensive investments can provide years of solid growth and income-earning potential without having to be too concerned with market volatility. **BCE** (TSX:BCE)(NYSE:BCE) is a long-time investment favourite among defensive investors, and for good reason.

From the massive BCE empire that blankets Canadians with everything from wireless service to professional sports teams to over a century of uninterrupted dividend payouts, there's plenty to love about adding BCE to your portfolio.

That love is contingent, however, on focusing on the long-term horizon rather than any short-term noise.

The Liberals want to lower your cell phone bill

Canada's Big Three telecoms finally made an appearance in the ongoing federal election campaign. This past weekend, Justin Trudeau offered the latest carrot stick to investors in the form of a 25% reduction in cell phone bills over the next two years. That reduction was based on the assumption that with increased competition from MVNOs (Mobile Virtual Network Operators), prices would ultimately come down.

The PM even hinted that if, after two years, prices still didn't come down, there would be other tools at their disposal, such as lowering access rates and expanding CRTC powers to impact prices.

We already have some of the most expensive cell plans in the world, particularly when compared to other developed countries in Europe or even to the U.S. Unfortunately, that statistic doesn't appear to be changing anytime soon. Industry pundits don't see the advent of new MVNOs providing enough pressure on the Big Three to lower wireless bills, and a new fourth national player is still operating in limited coverage markets.

For investors, this ultimately means more of the status quo, which isn't all that bad.

Here's why you should buy BCE

Nobody is expecting BCE's share price to double anytime soon. The fact that the BCE empire is as large as it is lends itself to a more conservative approach to growth. In the same vein, any changes to Canada's wireless market are years away at best, and any new competitor to the market faces an uphill battle to establish and build the requisite infrastructure needed to compete with BCE.

Investors contemplating buying into BCE should take a look at the appetizing quarterly dividend that the company offers. The current yield hovers around 4.94%, and BCE has provided investors with over a decade of consecutive annual increases.

That's not to say that BCE isn't a compelling option for growth-seeking investors. In the most recent quarter, the company saw wireless revenues top $2.189 million, reflecting a 3.2% gain over the same period last year. BCE realized 102,980 new net postpaid wireless subscribers in the quarter, and an additional 19,414 new retail internet customers, which was a whopping 51.6% gain over the same period last year.

Looking towards the rest of the fiscal year, BCE continues to forecast 1-3% in revenue growth with adjusted EBITDA growth proving 5-7% growth as well.

Overall, BCE remains a great investment option for income-seeking investors with long-term horizons. Buy it, hold it, and forget about it.

CATEGORY

1. Dividend Stocks
2. Investing

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1. Editor's Choice

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