



Why BCE's (BCE) Stock Price Fell 5.9% in December

Description

It is an important exercise to periodically review our stock holdings as well as those stocks that are on our watch lists. This review should happen at least once a year, but also when big stock price movements are noticed.

BCE Inc. ([TSX:BCE](#))([NYSE:BCE](#)) is a stock that investors turn to for steady and stable stock price performance and company performance. This is why BCE's stock price movement in December is noteworthy.

So, why did the BCE stock price fall 5.9% in December?

Valuation

Coming off of a solid third-quarter result, BCE proceeded to trade down as comparative valuations for the company versus its peer group seems to have hit the high end of what investors view as appropriate. BCE's stock price is currently down 6.8% from its December highs.

BCE certainly deserves a premium valuation, as this stock [provides high quality, predictable, and growing dividends to its shareholders](#), and it acts as a bond proxy that helps investors achieve their retirement income and wealth accumulation goals. It is for this reason that I view this weakness in the BCE stock price as a buying opportunity.

Why is this a buying opportunity?

Defensive and predictable BCE has been a top holding for steady wealth creation for decades. In fact, BCE stock has risen almost 500% since the late 1990s, in a rise that was as steady as it was spectacular. BCE has grown to become Canada's largest telecom services company, with a 100% stake in Bell Media, Canada's largest integrated media company.

In the last 10 years, BCE has increased its dividend by 117% to the current \$3.17 per share. The latest

increase was a 5% increase in the first quarter of 2019, and the current dividend yield for BCE stock is currently a generous 5.21%.

Today, there remains much work to be done to stay ahead in this rapidly evolving industry. The build-out of BCE's fibre optic network continues, and going forward, this will mean that BCE stock and BCE shareholders will continue to benefit. The company is well funded, with a powerful balance sheet and strong cash flows easily supporting capital expenditure plans. In the latest quarter, Q3 of 2019, BCE generated almost \$1.2 billion in free cash flow (+17%), which follows 2018 free cash flow of more than \$3.6 billion.

BCE maintains a leading position in the [highly competitive wireless space](#), eradicating fears that it may fall behind as the company once again reported a healthy growth rate in net additions in its latest quarter.

Foolish bottom line

This short-term price weakness in BCE stock is a great opportunity for investors to add to their existing positions and/or to introduce BCE to their portfolios.

In closing, I would like to remind Foolish investors of our belief in holding great businesses for the long term. While this belief remains intact, we are also aware that sometimes, short-term stock price movements create opportunities to create wealth. Blending this long-term focus with a keen eye for short-term stock mispricings, we can use both strategies in harmony to fulfill our quest for financial freedom.

CATEGORY

1. Dividend Stocks
2. Investing
3. Tech Stocks

TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. TSX:BCE (BCE Inc.)

PARTNER-FEEDS

1. Business Insider
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