



Why BCE'S (TSX:BCE) Stock Price Beat the TSX by 63% in March

Description

BCE's ([TSX:BCE](#))([NYSE:BCE](#)) stock price was a clear outperformer in March, beating the TSX Index by 63%. It was a month [overtaken with fear and uncertainty due to the coronavirus](#), and BCE was up for the challenge. Indeed, BCE stock was always a safe and reliable one. But in today's precarious environment, this is even more relevant. In this article, I would like to highlight why BCE's stock price beat the TSX Index.

BCE's stock price beats the TSX because of its essential business status

As Canada's largest telecom services company, BCE is in an enviable position. The company provides an essential business: telecommunications. Its suite of local, long distance, wireless, satellite, television, and internet services has always been essential. It seems even more so today.

And from 5G smartphones to all-fibre internet connections, BCE is investing in its future. Improving its networks and services will guarantee its place for tomorrow. Today, with lockdowns happening worldwide, this is all even more important. We are relying more than ever on telecommunication systems.

Going forward, a renewed push to work from home will only accentuate investment in and demand for telecom services. BCE has transformed itself from a phone company into a leading internet player, focusing on connectivity, content, and commerce. All of these are increasingly in demand today. The company facilitates staying in touch with the outside world. This is especially crucial in periods where we must practice social distancing. It will be just as crucial in our "new normal" world.

BCE's stock price beats the TSX because it is defensive

Being in the telecommunications industry, BCE is certainly surrounded by a strong moat. The industry has high barriers to entry, which makes established players like BCE all the more valuable and

untouchable. The company also benefits from its strong competitive advantages. BCE stock is well known for its stability and predictability for these reasons.

51% of BCE's revenue comes from its stable and predictable Bell Wireline segment. 37% comes from its faster-growing wireless segment. Highly sticky revenue and a leading competitive position characterize BCE. And as a bonus, this revenue is also quite insensitive to the health of the economy.

BCE's stock price beats the TSX because of its dividend

Dividend income is always an attractive attribute that we look for in a stock. Today especially, dividend income is of paramount importance. BCE's dividend has historically been reliable and growing. In the last 10 years, BCE has increased its dividend by over 100% to the current \$3.33 per share. A big selling point for BCE stock today is its dividend yield of a very generous 6%. BCE's dividend income is some much-needed income, as the coronavirus shutdown wreaks havoc on the economy.

Foolish bottom line

In a month that will go down in history, we are seeing standouts like BCE stock. In these difficult times, it seems like all companies, good or bad, are being hit hard. But not all companies are equal. This can guide us to the stocks that will provide us with much-needed returns in 2020 and beyond.

BCE stock continues to be a quality core holding for our long-term wealth creation and income. BCE is protected by high barriers to entry, is insensitive to economic cycles, and has tremendous balance sheet strength. Those are all things that drive long-term success. All of this explains why BCE's [stock price beat the TSX Index in March](#). It is precisely this type of company that will survive the coronavirus crisis that we find ourselves in today.

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