Why Investing in BCE (TSX:BCE) Makes Sense

Description

Telecoms are some of the best-kept secrets on the market for defensive investors. Apart from offering an increasingly necessary service, telecoms offer juicy dividends and stable, recurring revenue streams. Today, that telecom is **BCE** (TSX:BCE)(NYSE:BCE), and here's why investing in BCE makes sense for investors.

2020 isn't over yet

From Brexit, hurricanes, and wildfires, to COVID-19, which has changed the lives of every person on the planet, 2020 has been everything but normal. Following the crash we saw in March, most stocks have spent the year attempting to claw back those losses and break even.

Unfortunately, we have a few more weeks of 2020 to endure, and they could prove to be incredibly volatile. Specifically, the U.S. presidential election occurs in under a week. This could either spell the continuation of the Trump-era presidency or the beginning of the Biden era. Apart from the drastically different views on policy, the election could mean the U.S. Senate flips to blue, bringing even more change.

Above all, let's not forget that the COVID-19 pandemic still looms large, and the dreaded "second wave" is beginning to appear in pockets around the globe. What this means is that there will be far fewer in-person votes next week and far more mail-in ballots to count. Some experts peg the number of mail-in ballots expected to be well over 65 million. Let that number sink in for a moment.

In other words, on the morning of November 4, there may not be a winner announced. It could take a few weeks more to tally up those results, leaving voters and the market in a state of volatility.

Go defensive! Investing in BCE makes sense

Okay, so the market is volatile, and we could still see more volatility (or another market retreat) before the end of the year. So, how exactly does investing in BCE make sense, especially now? There are

three key points worth mentioning.

First, let's talk about revenue and service. BCE offers both wired and wireless phone service as well as internet and TV service. Beyond that traditional realm of telecom offerings, the company also boasts a massive media portfolio that includes dozens of TV and radio stations. BCE also has an interest in professional sports teams.

All of that translates into multiple revenue streams that are complementary. An example of this is watching a BCE-owned sports team, airing on a BCE-owned sports station, streaming over your BCE wireless service. That umbrella-like coverage is unique to BCE.

Second, there's the necessity of the service that BCE offers. The COVID-19 pandemic made most office workers remote warriors. The bump in wireless data and the need for constant connectivity we saw during the closedown is unlikely to end anytime soon. In fact, many companies, citing cost-savings and work-life balance advantages, have instituted an indefinite work-from-home policy. That could prove to be a revenue driver for BCE, and pundits are already forecasting better-than-expected results for the next quarter. An update on the performance of the most recent quarter is expected to be announced next week.

Finally, let's talk dividends. BCE offers investors a quarterly payout that works out to an impressive yield of 6.17%. That yield is not only better than that of its peers but also one of the best on the market. Also noteworthy is that BCE has been paying out dividends for well over a century.

Final thoughts

BCE is a great investment. The company offers a necessary service in a rapidly changing and volatile market. That volatility makes the defensive appeal of BCE off the charts. In other words, investing in BCE makes sense, particularly if you are a long-term investor.

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