



Generate a Stable Income Stream

Description

Generating a stable income stream is a primary objective for many investors. To be clear, there are multiple ways to approach that goal. Some investors have turned to the real estate market, while others have leaned towards more defensive stocks such as utilities and telecoms.

It is that latter group — telecoms — that I want to talk a moment to talk about today, and specifically mention **BCE** ([TSX:BCE](#))([NYSE:BCE](#)).

Why BCE?

Telecoms are incredibly stable businesses – and that stability has only grown in the past year. Home internet connections are now a requirement for countless office workers forced to work remotely. Similarly, the need for a wireless device has increased in recent years. In as little as a decade, wireless devices have gone from being communications devices to a one-stop device that has replaced dozens of others.

Take a moment and think about that statement. Alarm clocks, portable cameras, music players, notepads, magazines, newspapers, portable DVD players. All of these one-purpose devices have been replaced by smartphones, which require a data connection that BCE offers.

Incredibly, that shift isn't slowing down. Smartphones are becoming larger, and are replacing the need for smaller tablets and laptops. Smartphones have also helped the surge in online shopping. In short, there's not much a smartphone can't do anymore, and that reliance ultimately leads to necessity, which fuels growth. By example, in the most recent quarter, BCE's wireless segment saw more than 128,000 net new subscribers.

Further to this, BCE owns a sizable media empire that includes both radio and TV acquisitions.

Overall, the company earned \$740 million in the most recent quarter, with revenue coming in at \$5,787 million. When compared with the figures reported in the same period last year, BCE's recent results came in lower by 2.6% and 19.7%, respectively. Given the overall lag on the market that the global

pandemic is causing, those numbers could have been far worse. In fact, the numbers are significantly better than the figures posted in the prior quarter, where retail stores were closed.

How can BCE generate a stable income stream?

BCE's reliable and stable business model means that the company is able to provide investors with a handsome dividend. That dividend currently amounts to a mouth-watering 5.88% yield. This makes BCE's yield one of the [best-paying on the market](#), and unlike many of those other high-yield options, offers [more stability](#).

In terms of history, BCE has been providing investors with that handsome dividend for well over a century without fail. The company is well known as a Dividend Aristocrat, and provided annual hikes going back over a decade.

To put that income potential into perspective, a \$20,000 investment would provide just shy of \$100 in dividends each month. Reinvesting those dividends would lead to a higher income stream over time.

Final thoughts

BCE is a great long-term investment. This is particularly true if the stock is part of a well-diversified portfolio, where BCE's stable income stream can be balanced with one or more growth stocks.

In short, buy BCE now, and enjoy the income it will generate for you.

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1. Dividend Stocks
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Date

2025/07/03

Date Created

2020/11/20

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