



Why BCE (TSX:BCE) Is the Perfect Holiday Buy

Description

We can finally [celebrate the end of 2020](#), and what a year it has been! Unfortunately, the volatility that came with 2020 will spill over into 2021. This means that having one or more defensive stocks in your portfolio is a must. So, what is that perfect holiday buy?

Telecoms are often mentioned as great defensive options to consider, and today we'll take some time to talk about **BCE** ([TSX:BCE](#))([NYSE:BCE](#)).

Why invest in BCE?

As a telecom, BCE's business is, in a word, reliable. The company offers subscription-based services for phone, TV, and internet customers. While each of those segments boasts a defensive moat, the wireless segment is what investors should be looking closely at.

Wireless devices have become digital extensions of ourselves. We no longer view a wireless device as a "phone," or even a communications device. These little slabs of metal and glass have replaced hundreds of standalone devices we once had around our homes.

By way of example, take a moment and think back to what life was like prior to smartphones. We had alarm clocks, radios, mp3 players, cameras, calculators, portable DVD players, and a myriad of other electronics. All of those have been replaced by your smartphone.

More importantly, the apps that replaced those devices utilize data that you continue to pay for each month. Smartphones are also being replaced with newer and better models offering new functionality on a more frequent basis.

In other words, BCE provides what is now a necessary service that we are all too happy to pay for as that perfect holiday buy.

What about results?

BCE reported results for the third quarter back in November. During that quarter, BCE reported net earnings attributable to common shareholders of \$692 million, or \$0.77 per share. By way of comparison, in the same period last year, BCE reported earnings of \$867 million, or \$0.96 per share. The ongoing COVID-19 pandemic was largely attributed to the drop, which was an improvement over the second-quarter results from the summer.

BCE's wireless segment saw 128,168 net new wireless customers in the quarter. The company also welcomed 62,859 net new internet customers during the period. This is a noteworthy gain, as both segments have become essential to remote office workers during the pandemic. Wireless operating revenue came in at \$2,318 million in the quarter, reflecting a 0.3% bump over the same period last year.

What makes BCE the perfect holiday buy?

Apart from the defensive moat and growing customer base, where BCE really shines is when we mention dividends. BCE offers investors a juicy quarterly dividend that works out to an impressive 6.19% yield. This makes BCE one of the best-paying yields on the market, which is incredible considering the defensive nature of the stock.

Adding to that perfect holiday buy appeal is the fact that BCE has an established history of paying out dividends that spans back over a century without fail. In other words, prospective investors that buy BCE now can expect [decades of income-producing potential](#) irrespective of how volatile 2021 turns out to be.

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