1 Good Reason for TSX Investors to Buy BCE Stock Today

Description

Facing a raft of challenges rolled over from 2020, Canadian investors are looking for reliability. Wealth generation is at its most reassuring when underscored by predictability. To find the right stocks for a sleep-easy portfolio, **TSX** investors need to comb through quality indicators before making an informed purchase. One such business would be the wide-moat telecoms dividend-payer, **BCE** (TSX:BCE)(NYSE:BCE).

A blue-chip stock with wide-moat stability

BCE is a diversified business, incorporating a range of recognizable brands and covering everything from wireless communications to Crave. In fact, it's the Bell Media angle that has attracted digitalization investors of late, gaining 6% above its three-month low. But if that media exposure has been keeping would-be shareholders on the fence, a recent development may go some way to assuage their concerns.

Last August, a group of private Canadian media networks issued a troubling report. Titled *The Crisis in Canadian Media and the Future of Local Broadcasting*, the report warned that the industry was in dire straits. However, a solution could come in the form of Bill C-10, the *Broadcasting Modernization Act*. Combined with BCE's low share price volatility, the act could be the green light that would-be investors were waiting for.

Under the proposed modernization, streamers such as **Netflix** and **Disney**+ might face new regulations that specifically benefit the Canadian media industry. By subjecting streaming platforms to the same rules as traditional broadcasters, a leveling of the playing field might be achieved. In short, foreign digital streamers could have a big part to play in the recovery of Canada's entertainment industry.

New regulations could boost Canadian media

Whether the proposed act helps or harms the broader domestic media industry remains to be seen.

One unwanted side-effect could see some independent creators constrained by a one-act-fits-all scenario. Uncertainties over the new rules could also deter some new productions. But the numbers are compelling. The proposed changes could bring in $830 million per year by 2023, directly benefiting Canadian media.

Of course, BCE already has a slew of attractive facets to recommend it. While debt to equity could be lower at 1.23, this is well covered by cash flows. And although a nearly 6% dividend yield could be better covered, the payment ratio is expected to improve over the next three years.

BCE has also pulled back around 10% in the last difficult 12 months, leading to a price tag currently 60% below estimated fair value. While the consensus may be a hold, the current share price of $55 is in line with a low target, which means that BCE could be all upside at this point. An average estimate puts BCE at $63, while a best-case scenario could see BCE climbing up toward the $70 mark.

Low share price volatility is indicated not only by a fairly flat performance over the last 12 months, but also by technical data. A 36-month beta of just 0.27 indicates a stock that is considerably less frothy than the market. Weave in that rich dividend and the potential for industrial protection at the federal level, and BCE could be a sturdy play for multi-year wealth creation.

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