A Dividend King I'll Be Buying Heading Into a Bear Market

Description

Around two weeks ago, **Morgan Stanley** warned of a market correction with impeccable timing. In the spooky month of October, the **S&P 500** proceeded to plunge over 4% to flirt with correction territory before bouncing back modestly on the second of November, the night before the U.S. presidential election.

While the correction that Morgan Stanley foresaw is mostly in the rear-view mirror, I'd argue that it's not yet time to get greedy with the biggest winners of the first three quarters just yet. Many pandemic-resilient tech stocks, including the likes of white-hot **Shopify**, still sport lofty valuations. And as I'd noted in a prior piece, such first-half-of-2020 winners are likely to amplify any damage taken by the broader markets in a potential return to bear market territory.

With the potential for many things to go horribly wrong between now and year's end, investors would be wise not to rule out a scenario that sees the bear rearing his ugly head for the second time in 2020. If the markets are headed lower in November to set the stage for a Santa Claus rally, battered deep-value stocks may be the ones to buy ahead of more carnage, as I think they're likely to (mostly) be spared in the next leg lower, while expensive growth stocks look to take a brunt of the damage.

BCE: Pandemic headwinds overpowering 5G tailwinds … for now

Consider scooping shares of **BCE** (TSX:BCE)(NYSE:BCE), an ailing telecom that's currently down around 18% from its 2019 all-time highs. The telecom behemoth now sports a 6.2% dividend yield, and I think it's ripe for picking, as pandemic woes continue to weigh down the stock to the low $50 levels.

The company is due to see continued pressure to its top and bottom line, as the demand for mobile data looks to dry up amid what could be another round of coronavirus-induced shutdowns. As a Canadian telecom with a sizable media division, BCE is also facing pandemic-induced pressures from multiple angles.

Despite the COVID headwinds, which are unlikely to subside as long as the insidious coronavirus is still out there, I still think the dividend ought to be seen as a safe haven for income-strapped Canadians. BCE still has one of the better-covered +6%-yielding payouts out there. And once we're back to the normal routine, I think it's safe to say that BCE will see a relatively abrupt reversion towards pre-pandemic levels. Canadians will be going out again, and they'll be looking to upgrade their devices to get on the 5G spectrum.

Foolish takeaway

While the coronavirus recession could delay the adoption of the next generation of telecom tech by many months, if not years, I still think BCE will find itself in a spot to reward shareholders who stood by it through these trying times with generous dividend hikes once the economy finally heals from this crisis.

In the meantime, BCE and its telecom peers are likely to continue clocking in brutal quarters that could send shares towards those ominous March lows. Should BCE touchdown with March lows, I'd be willing to back up the truck to lock in the swollen dividend yield.

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