TFSA Dividend Stocks to Buy Ahead of a 2021 Stock Market Crash

Description

It's the start of a new year, and for Canadian investors, that means it's Tax-Free Savings Account (TFSA) top-up time!

So, if you're like many Canadians who've been saving up through 2020 and you've got an extra $6,000 lying around, now's a great time as any to make your 2021 TFSA contribution in full, as you seek to use the proceeds to invest in shares of wonderful businesses at fair-to-wonderful prices.

With a few market strategists and forecasters ringing the alarm bell on a potential market crash, correction, or near-term pullback in the first quarter of 2021, TFSA investors would be best served by looking to the neglected areas of the market for value.

It's these areas that could have unloved value stocks that are most likely to hold their own in the next bout of market turbulence, with some actually standing to rally in the face of the next downturn.

TFSA dividend investing with the battered telecom stocks

As you look to invest your 2021 TFSA contribution, consider **Quebecor** (TSX:QBR.B) and **BCE** (TSX:BCE)(NYSE:BCE), two bruised telecoms that look ridiculously undervalued, given they face many potential tailwinds in the post-pandemic world. With a potential post-pandemic discretionary spending boom in the cards, it's these telecoms that could be among the first of battered firms to lead the upward charge.

Both BCE and the lesser-known Quebecor sport juicy yields of 6.1% and 2.5%, respectively, and will serve to further dampen wild market swings over time. Moreover, each firm sports low betas of 0.28 and 0.27, respectively, meaning shares of each telecom are likelier to zig when the markets zag.

While low betas don't necessarily mean you'll be spared from the impact of the next cash-crunching market crash (which could happen again as a result of surging margin debt levels), both names will smoothen the inevitable market bumps in the road.

Quebecor

Unless you reside in the province of Quebec, you may not have heard of Quebecor — growthy Canadian telecom that may be more undervalued than its higher-yielding Big Three peers. Sure, the 2.5% yield is nothing to write home about, but what the stock lacks in the size of its yield, it more than makes up for in longer-term growth.

Unlike BCE or other national telecoms, Quebecor has no desire to spread itself too thin by expanding to every reach of the country, from the rocky mountains to the Bay of Fundy. Instead, Quebecor sticks within its own circle of competence (primarily in Quebec, although the firm does serve other Canadian Francophone communities). I think Quebecor's specialty in its geography of competence gives it an edge over its peers.

I view Quebecor as having a narrow moat around Quebec and think the company can post better-than-average operational efficiencies versus its peers amid the latest rollout of next-gen telecom tech. At just 1.9 times sales, QBR.B is a steal for those willing to compromise on the yield front.

BCE

BCE is a Dividend King, but it's one that gets little respect from younger TFSA investors who'd rather pay-up a nosebleed valuation for the sexiest growth story on the Street. In today's turbulent market, BCE is a great Steady Eddie to own on recent weakness.

At the time of writing, BCE stock trades at 2.1 times sales and 7.3 times cash flow, making it one of the cheaper defensive dividend stocks that can pad your wallet with passive income. Like its peers, BCE has not been spared from the COVID crisis, which has weighed on the top- and bottom-line. In due time, though, BCE will come surging back as the crisis concludes and the appetite for 5G devices has a chance to pop.

In the meantime, TFSA investors have more than enough incentive with the 6.1% yield to hold through the next wave of the storm.

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