1 Canadian Dividend Underdog That Could Disrupt its Peers

Description

As valuations continue to swell, it may be a good idea to rotate back into the tried and tested value names that are likelier to hold their own should the broader markets be dealt with negative surprises.

Numerous pundits think rates are headed higher — perhaps much higher over the medium term. Such a raising of rates eats into the future profits of firms, especially today's unprofitable growth firms, whose shares lack a price-to-earnings (P/E) multiple.

Yes, the price of admission into growth is high here. But that doesn't mean you need to give in and adopt the "growth at any price" mindset that many beginner investors may be doing at this juncture. So, if you're one of many new investors who may have neglected value in favour of a growth-focused approach, you're not alone. There are ways to bring your portfolio back into balance, so you're not in a spot to take double damage come the next growth-oriented selloff.

Value stocks that could hold up in the face of a selloff

Consider **Quebecor** (TSX:QBR.B), a rock-solid TSX stock that is cheap enough to help you better navigate the next correction, whenever it may strike.

Nobody knows if the pain is coming later on this year, next year, or in a few years down the road. We may very well be overdue for a correction, but there have been past periods where the markets have gone without a correction for ridiculously long periods of time. Moreover, just because a correction is overdue doesn't mean it's bound to happen anytime soon or that a market that's correction-free for over a year will experience a more severe drop.

In any case, you need to be positioned to make it through the next correction. And the following two names can help alleviate the pain that comes with those inevitable (and sometimes sudden) declines.

Quebecor: A new underdog in the telecom space

Quebecor is one of Canada's least-known telecoms. The Quebec-based play doesn't get as much limelight as its Big Three peers. And as a result, I think the stock is significantly discounted relative to its bigger brothers in the space.

For years, the Big Three have dominated the scene, providing Canadian investors with income and steady appreciation. Quebecor has typically commanded a more modest yield alongside muted top-line growth. The company has stayed mainly within the Quebec market over the years, after all. And for those seeking next-level growth, the Big Three look more enticing.

Recently, Quebecor announced intentions to expand Videotron into promising new markets like Alberta and BC. Undoubtedly, Quebecor could grow to become the fourth primary wireless carrier now that **Shaw Communications** is joining forces with **Rogers Communications**.

Bottom line

The 3.5% yield leaves a lot to be desired. Quebecor's foray into non-Francophone markets could pay huge dividends. But it won't come without its fair share of risks. In any case, I'm a huge fan of management's capabilities and think they can pull it off. At just 13.2 times earnings, Quebecor is arguably the cheapest telecom play out there.

The way I see it, Quebecor is an underdog that could evolve to become the fourth major telecom player that we Canadians have all been waiting for.

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Date
2025/08/23
Date Created
2021/08/07
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