2 Passive Income Stocks to Buy On Sale

Description

There are always great TSX stocks to buy on weakness, even if most pundits are ready to declare that there are few, if any, actionable bargains to take advantage of. Indeed, valuations remain elevated and high-multiple growth stocks may have yet to bottom. Still, investors don't need to take the role of hero by attempting to catch the fastest-falling knives as they tumble further into the abyss. Instead, many value stocks exist out there that stand to do relatively well, even as broader market rotations and sector-based sell-offs continue on into 2022.

Undoubtedly, a sustained growth-to-value rotation is a long time coming. And while value may continue to lag growth, should rates continue ascending due to surging COVID cases, investors can at least get a solid return relative to risks taken on. The high-multiple growth trade made popular by ARK's Cathie Wood may very well be coming to an end. Regardless, investors should stay the course and be gradual with their buying over the coming months.

In this piece, we'll have a look at two great TSX stocks that were unfairly dragged down in recent months and may represent an incredible value for those looking to get the most bang for their buck for the new year.

Rogers Communications

Rogers Communications (TSX:RCI.B) has been treading water for quite some time, now down over 15% from its 52-week highs. Over the past five years, shares of Rogers have also been quite uneventful, delivering just 13% in the way of capital gains for investors. Undoubtedly, the family feud going on at Rogers has been quite a distraction. With a bitter management shuffle, a potentially messy acquisition in the books and a waning stock that could remain depressed as its Big Three telecom rivals pick their games up, Rogers seems to be the biggest laggard of the three. Still, the valuation has become quite enticing amid the stock's latest tumble.

Yes, Rogers has its fair share of baggage. That said, the stock trades at just 18.2 times trailing earnings alongside a 3.5% dividend yield, making it one of the "cheapest" of the Big Three telecom titans. With so many negatives already baked in, a contrarian case for buying the value stock on the dip is a strong one for those with an investment horizon beyond three years.

As COVID disruptions continue to weigh, there's no telling when Rogers will get its groove back. Regardless, the stock seems a tad too cheap, with mostly pessimism baked in at around $57 and change. My takeaway? Start doing some buying now while the name's at 52-week lows.

Quebecor

Sticking with the telecom theme, we have **Quebecor** (TSX:QBR.B), a Quebec-based kingpin that's ready to take on the Big Three with the hopes of becoming player number four. It won't be easy to expand beyond the confines of Quebec. In fact, it will be expensive, with likely M&A and heavy infrastructure spend to get the firm competitive with the next generation of telecom tech. Indeed, 5G and fibre are the new normal.

Yet, many localities are still light or lacking in such technologies. As Quebecor moves in, look for the firm to steal significant share away from the Big Three incumbents. It won't be easy, but if there's a company that can do it, it's Quebecor, a relative newcomer that's not really a newcomer at all, given its history of dominance in the province of Quebec. If the firm can do to other provinces what it achieved in Quebec, shareholders could be looking at considerable upside over the next five years.

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joefrenette