High Yield: 1 Top Value Stock to Buy as Markets Correct

Description

With the Nasdaq 100 falling around 10%, the broader markets may very well follow the lead into a correction. It's been long overdue, but before you delay your buying activity until the TSX or S&P 500 officially fall by 10% (or more), consider the many value options available to pick up today. You see, the markets have been quite inefficient of late. Many bubbly plays are imploding on themselves, thanks to higher rates that pushed them off a cliff.

With Warren Buffett standing pat on a considerable amount of cash, one can only ponder as to how much more damage the looming selloff will deal. Indeed, a substantial amount of liquidity has been pumped into the broader markets — the U.S. market in particular. Where has it gone? It's gone into a lot of sexy momentum stocks and speculative bets that improve one's odds of getting rich over a brief time span.

Undoubtedly, 2021 was a year that saw meme stocks fly high, as cryptocurrencies blasted off, while "growth at any price" continued to be popular. In the back half of last year, the party showed signs of ending. And in 2022 thus far, it looks like the party has come to an end, and even some of the unfairly battered value names are leaving the party.

Value stocks are still buyable, even as markets correct

There's no need to panic over the recent bout of volatility. If anything, it's just another dip to do some buying of the businesses you deem as attractively valued. If you've yet to put your TFSA contribution to work, there are a handful of names that reek of value at this juncture. Now, I'm not saying they won't take a beating, as this market selloff continues. But I think they're worth buying on the way down.

And if shares get pummeled further? Consider adding to a position to lower your cost basis. Indeed, in a time like this, when markets can slip so viciously off a cliff, a dollar-cost averaging (DCA) approach can be easier to stomach, rather than loading up and going against the grain in a wave of selling.

What stands out as a great value these days? Think **Quebecor** (TSX:QBR.B), one battered valuestock that could rally in the face of a market correction.

Quebecor

Quebecor is a regional telecom behind the popular Quebecois telecom brand Vidéotron. Non-Francophone Canadians living outside of Quebec have probably never heard of either brand, and that's okay. The company is incredibly well run, with ROIC numbers on the higher end of the spectrum. The recent rollout of 5G infrastructure has been a compelling source of growth. But because the firm has stayed within its region of confidence (the Quebec market, a market it knows very well), the telecom isn't exactly one that's praised for its revenue growth. This could change, as the company looks to expand nationwide, with ambitious plans of becoming the fourth much-needed Canadian telecom competitor.

I think Quebecor's brilliant managers can transform the company from regional success to a national behemoth. However, it will take many years and a considerable amount of spending in a rising rate environment. Indeed, Quebecor's timing to expand is questionable, but the stock has already been punished so much. I think investors should give Pierre Péladeau and his firm the benefit of the doubt, as they look to become an up and comer. After plunging 22% from peak to trough, I see considerable value in the name. Today, shares are 13.1 times earnings at $30 per share, with a 3.7% dividend yield.

My takeaway? I think the $7.2 billion firm is value hiding in plain sight.

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