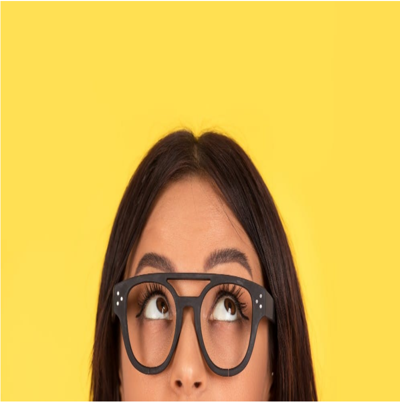

Passive Income: Dividends and Deep Value Together in This 1 TSX Stock

Description

It may seem like you've missed the boat after the magnificent run in broader markets. The S&P 500 has already regained half of the ground lost from its bear market selloff. Though the bears will continue to doubt the sustainability of this rally, it's important to remember that it's impossible to tell if a rally is for real until well after the fact.

The nature of markets makes it difficult to time bottoms and "perfect" entry points, making it an unwise idea to try to get in precisely at a moment where it's impossible to lose money. Instead of trying to catch bottoms or time exits out of peaks, consider topping up when the risk/reward scenario is good and trimming when it's not. Understand, though, that your moves will never be perfect, and there will always be instances where you'll be proven wrong over the short term.

For income-seeking, long-term investors, there are better ways to make money. Look for the solid dividend payers that have swollen yields but are not in a position to reduce payouts, even as the tides go out in a 2023 recession.

Still value out there if you know where to look

Now, you've got to put in the homework to ensure a firm's cash flow stream can support dividend commitments and raises over time. In many instances, it's nothing but fear over the worst-case scenario that can cause investors to hit the "sell" button with the intention of asking questions later. Many investors may decide to get back in at a later date at much higher prices. Others may never return, as the initial scare may leave them stuck on the sidelines until the next bull market has matured.

Indeed, most of the money is made by investors willing to get their hands dirty in the midst of a bear market. When bear markets strike, the birth of a new bull market is never too far away.

In this piece, we'll have a closer look at one cheap dividend stock that's worth picking up, even if broader market valuations are a tad higher than they were a month ago.

Consider underrated telecom firm **Quebecor** (TSX:QBR.B).

Quebecor: A dividend underdog to buy

Quebecor is a lesser-known Canadian telecom that could become a household name in a few years, as management embarks on its most ambitious growth push yet. The Quebec-based telecom is ready to expand beyond its home turf, with the acquisition of Freedom Mobile now ready to go. In prior pieces, I've praised Quebecor for its exceptional stewardship and think it will be an interesting test to see if the firm can replicate its success as it looks to take a meaningful share in a pretty tame Canadian telecom scene.

Given the Big Three seem to have formed some sort of equilibrium with one another, I think Quebecor's push to become that number-four player could prove quite disruptive to the incumbents.

Quebecor's return on investment is 7.3% — well above the telecom industry average of around 5%. Though it could take many years' worth of big investments to become a legitimate contender in Canada's national wireless scene, I think the company has the right managers for the job.

Moving into new markets will not come without risk. However, given the Big Three telecoms are ripe for disruption, I'd argue there's so much to gain, as Quebecor looks to outmuscle the behemoths in the space.

The stock trades at 11.7 times price-to-earnings (P/E), making it, by far, the cheapest (most telecom stocks boast a P/E well north of 20!) of the major telecom stocks in Canada.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:QBR.B (Quebecor Inc.)

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