



## Can You Hear Me Now? 2 Reliable Telecom Stocks for Your TFSA

### Description

We may be getting closer to a recession, but that doesn't mean stocks are guaranteed to tread water from here. Indeed, the first trading day of the year was bleak. But history suggests 2023 may not be as bad as 2022 for investors.

Though not impossible, it's incredibly rare to get two consecutive down years, especially after one of the worst years for the 60/40 stock-to-bond portfolio. That said, we live in unprecedented times. With so much gloom in markets these days, many would likely be unsurprised if we were dealt a one-two blow of negative years.

At this time last year, few investors would have foreseen the bond markets sagging in conjunction with stocks. Crypto and other alternative assets have fared no better in a sell-off in nearly every asset.

### TFSA investors: Value and quality trump upside potential

In this piece, we'll go on the hunt for deeply discounted value stocks that I think could be spared from the market's next leg lower. While 2023 may be less likely to end in the red, more pain may still be in store in the first half as the economic damage stacks up against expectations.

Right now, a number of big banks think the coming recession will be less severe than those suffered in the past. Some optimists think a recession can ultimately be avoided, as central banks look to orchestrate a sort of soft landing for the economy.

It's hard to tell how bumpy the landing will be. Investors are fastening their seatbelts ahead of what could be an eventful year.

### Telus

**Telus** ([TSX:T](#)) is a relatively uneventful stock in a market environment that's sure to be full of surprises. Shares of the well-run telecom have been in free-fall mode since topping out back in April

2022. The stock is at new 52-week lows after enduring a nearly 24% plunge.

Indeed, the Canadian telecoms are quite resilient in mild downturns. Though it is noteworthy that they aren't necessarily the most recession-resilient plays out there. If the coming recession is "modest" as pundits think, I'd argue Telus stock is way [oversold](#) here, making the 5.4% dividend yield ripe for picking.

At 18.1 times trailing price-to-earnings, Telus stock could make for a terrific buy, even on the cusp of a recession.

## Quebecor

**Quebecor** ([TSX:QBR.B](#)) is a smaller telecom that found itself on the receiving end of an analyst downgrade this morning. RBC downgraded the name to "sector perform" from "outperform," while the price target was cut by two bucks to \$32. RBC noted that a Freedom Mobile acquisition could entail considerable integration investments. In a rising rate environment, such extra expenditures will hurt the firm that much more.

In any case, Quebecor's longer-term growth roadmap should not be discounted. The firm's poised to become Canada's fourth major player. It'll take many years for the telecom underdog to see its bets pay off. At just 12 times trailing price-to-earnings, though, I'd say expectations for Quebecor's national expansion are low.

Quebecor is still a relatively unknown player on the scene. As the firm pushes into new provinces, success is no guarantee. Still, I'm a fan of management, even as they're committing to lofty spending in a high-rate climate.

## The bottom line

As we enter the early innings of a potential economic downturn, I think focusing on [quality](#) and value is only prudent.

There's more gain to be had in the freshly-imploded speculative tech stocks, but with so much dependence on lower rates, it's unclear as to how such names will be able to ricochet as central banks continue to deal rate hikes to drag inflation back to Earth.

### CATEGORY

1. Investing
2. Tech Stocks

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