



1 On-Sale Dividend Stock for the Core of Your TFSA Retirement Fund

Description

If you're looking to build a nice nest egg for the long haul, you should start by adding solid wide-moat businesses at the core of your TFSA. As the years go by, your TFSA will snowball, and if you're a young person who's just getting started with investing, amassing a million-dollar TFSA isn't a distant concept; it's a reality that's a lot closer than you may think!

Keep contributing the maximum amount to your TFSA and buy high-quality companies, preferably at a discount, and there's a very high chance that your TFSA retirement fund will be ready for you once you leave the workforce.

Here's a stock that's been hit hard of late that extremely long-term investors should be accumulating today:

Shaw Communications Inc. ([TSX:SJR.B](#))([NYSE:SJR](#)) isn't your typical telecom dividend stock. Through Freedom Mobile, Shaw is a new entrant into the wireless space, and although it's only been a year, Freedom Mobile has really begun to make its presence felt in Canada's wireless scene.

At the time of writing, the stock is down over 10% from its 52-week high and has a bountiful 4.36% dividend yield. Although the yield is about average for a telecom, I believe it's actually more of a bonus for patient shareholders with an investment horizon long enough to really see Freedom Mobile bloom into a fourth equal player in the Canadian wireless market. Shaw is actually a disruptive growth king that's disguised as a boring telecom stock. In time, this disruption will begin to mount.

Investors need to think longer term!

I've been very bullish on Shaw; however, I've mentioned that this investment is not for those who are looking for quick gains. It's going to take [at least two to three years](#) before Freedom Mobile can really start to be a driver of Shaw's stock price.

In just a year, Freedom Mobile has come a long way since its days as WIND. Shaw has spent a great deal on network upgrades, but still, there's a lot of work to be done if it's going to catch up to the Big Three. Over the next few years, I believe Freedom Mobile's subscriber growth momentum will begin to

take off, especially when you consider [regulators will likely be pumping Shaw's tires](#) — a strategic advantage it has over the Big Three players.

A tough Q1 2018 that wasn't as bad as the stock price movement would indicate

Shaw recently reported its [Q1 2018 results](#), and the general public was underwhelmed. I wasn't expecting blowout numbers by any means, as Freedom Mobile's wireless disruption is still in the very early innings. Wireless revenues surged ~27% on a year-over-year basis to \$175 million, while wireline revenues retreated 0.4% year over year to \$1.075 billion.

Shaw is beginning to pick up momentum in its wireless business, but management noted that the Big Three's recent limited-time 10 GB offer cast a shadow on Shaw's Q1 2018 results. Management also guided Q2 2018 lower; however, it's likely that Shaw will start to make up for lost time in the latter part of the year.

I think the post-earnings plunge of nearly ~3% was completely unwarranted, especially when you consider Shaw is very well positioned for growth over the long haul. Fellow Fool contributor Joseph Solitro and I both think that long-term investors should treat this dip as an opportunity to load up on shares today while they're still cheap.

Bottom line

Shaw is a dividend stock with above-average growth prospects. If you're looking for a low-risk investment that'll offer you high total returns over the next three years, Shaw is a tremendous pick, especially for your TFSA.

Right now, it looks like short-term thinkers are throwing in the towel on a great business whose long-term thesis is still intact. Collect the fat dividend at a discounted price in the meantime, while you wait for Freedom Mobile to shake up the Canadian wireless scene.

Stay hungry. Stay Foolish.

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