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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