



2 Monthly Income Stocks I'd Buy With an Extra \$6,000 in TFSA Funds

Description

The only thing better than a bountiful monthly income stream is a bountiful monthly income stream that's not subject to taxation. With the TFSA, you can get your distribution without needing to set aside a portion for the tax man. And if it turns out you don't need the cash in a given month, you can reinvest it and leverage the full power of [tax-free compounding](#).

Either way, you'll be getting the most out of your cash flows, so without further ado, let's look at two attractively valued monthly income stocks that are looking ripe for picking.

Badger Daylighting (TSX:BAD)

First up, we have one of the [funniest-named companies](#) on the TSX. The owner and operator of hydrovac excavation trucks has been on a complete tear lately, leaving the infamous short-seller Marc Cohodes in the dust.

Some of the concerns Cohodes brought up; most notably, the uptrending accounts receivables are less than ideal. However, the allegations of toxic dumping, fraudulent accounting, and pretty much all the nasty stuff were deemed as baseless.

Badger thought it was defamatory as it teamed up with Alberta Securities Commission to bite Cohodes back where it hurt most: his wallet.

Now that Cohodes' "turn out of the Badger daylight" campaign has faded into the background, investors have had a chance to appreciate the company's improving uptrending operating margins and the impressive 23.3% in top-line growth from last year.

The stock currently sports a 1.33% dividend yield, which, while minuscule on the surface, actually has room for significant growth over the long term. With a conservative 28.4% payout ratio and the means to raise the dividend by a generous amount moving forward, Badger is shaping up to be a compelling dividend growth play, especially if Alberta's economy emerges from the funk it's currently in.

Shaw Communications ([TSX:SJR.B](#))([NYSE:SJR](#))

Sometimes the best opportunities are right under your nose. That's the case with Shaw and its wireless business, Freedom Mobile, which could fuel tremendous growth at the expense of the Big Three incumbents over the next five years and beyond.

Everybody knows that Freedom Mobile is a sub-par wireless player with LTE infrastructure that pales in comparison to the competition. Despite this, Freedom has garnered impressive subscriber growth momentum thanks to undercutting the prices offered by the incumbents.

As 5G phases out 3G and eventually LTE, Freedom Mobile won't have to worry about the obsolescence of legacy assets as its peers will. The way I see it, the rollout of 5G will be a fresh slate for Freedom to pick up ground on the Big Three.

While some of the larger telecoms have deeper pockets, I do believe that if Shaw can get the right balance of value and network quality, there will be an all-out war among all the telecoms for subscribers.

The 5G rollout will be Shaw's chance to solidify itself as a fourth major player in the wireless scene. There will be a ton of cash spent in the meantime, so near-term investors who are all about making a quick buck have been gravitating away from Shaw for other opportunities.

Shaw has a tremendous opportunity ahead of it, but as an investor, you're going to need a lot of patience before you're rewarded. Fortunately, there's the 4.3% annual dividend yield to collect every month while you wait for the disruptive story to unfold.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:SJR (Shaw Communications Inc.)
2. TSX:BDGI (Badger Infrastructure Solutions Ltd.)
3. TSX:SJR.B (Shaw Communications)

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