



Revealed: A Powerful Monthly Income Stock for a TFSA Passive-Income Fund

Description

If you're one of many investors who has [ample TFSA contribution room](#) that's gone unused, you've come the right place. Monthly income stocks are outstanding investments not just to get [tax-free income](#) to meet your monthly spending needs, but to dampen these volatile times — the new norm in these trades of economic warfare.

My favourite monthly income stock at this juncture is **Shaw Communications** ([TSX:SJR.B](#))([NYSE:SJR](#)), a sleepy telecom player that's about to wake up and shake up its bigger brothers in the space.

Based on Shaw's long-term stock chart, you would have never guessed that Shaw was an up-and-coming growth sensation with disruptive potential. The stock has hovered around in limbo for the last five years, but as new telecom tech (5G wireless infrastructure and fibre-to-home) becomes the new norm for Canadians, Shaw will have the opportunity to join the Big Three telecoms and rightfully take the spot of player number four of what could soon be known as "the Big Four."

A true underdog with room to run

Right now, investors don't appear to perceive Shaw as a real threat that's capable of commanding an equal 25% share of the wireless scene. Shaw's wireless carrier Freedom Mobile hasn't been around that long, after all, and it remains the inferior player in its markets of operation in spite of recent infrastructure upgrades.

Now that Shaw has rid itself of exposure to meagre media assets, the company can now funnel money into developing a wireless network to give the Big Three incumbents a good run for their money as we enter a new realm in wireless technology. Indeed, the Canadian wireless carriers are getting ready for a 5G arms race, so Shaw's inferior LTE network won't mean much when Canadians are demanding 5G or bust.

In a way, the roll-out of 5G provides a clean slate for Freedom Mobile. And if I were to guess, the company is going to be putting its foot to the gas in terms of wireless spending and aggressive promos, as it undercuts the Big Three on pricing. Should Freedom Mobile be the first to market with an

unlimited 5G data plan (5G is going to be a huge data drain!), I'd be scared to be a shareholder of any of the Big Three telecoms.

Canadians are going to need faster internet!

Meanwhile, Shaw's going to be a very competitive force when it comes to internet (the company doubled download speeds for its 150 mbps and 300 mbps customers to 300 mbps and 600 mbps, respectively, late last year). With game streaming expected to make its big mainstream debut later this year with **Alphabet's** Google Stadia hitting the market in November for Founders' Edition owners, Canadians are going to find that they're going to need affordable, better, uncapped internet and that's going to be a boon for all the telecoms, especially Shaw.

Foolish takeaway

With a 4.3% annual dividend yield, Shaw doesn't have the most bountiful payout in the world, but as Shaw looks to disrupt its bigger brothers, I see the potential for share taking, and with it, substantial dividend growth and capital gains over time.

That makes for a powerful monthly income stock — one that not only has a bountiful upfront yield but a solid growth trajectory to support generous hikes down the road.

Stay hungry. Stay Foolish.

CATEGORY

1. Dividend Stocks
2. Investing
3. Tech Stocks

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:SJR (Shaw Communications Inc.)
2. TSX:SJR.B (Shaw Communications)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Dividend Stocks

- 2. Investing
- 3. Tech Stocks

Tags

- 1. Editor's Choice

Date

2025/08/22

Date Created

2019/06/12

Author

joefrenette

default watermark

default watermark