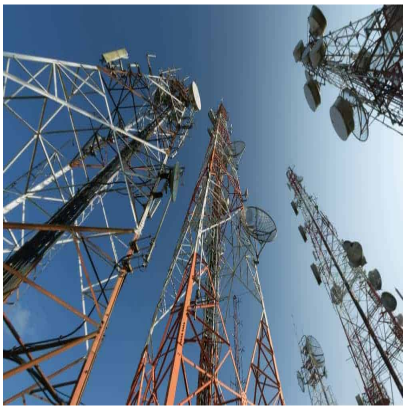

TFSA Income Investors: The Top Stock to Buy Amid the Telecom Tumble

Description

With the exception of **BCE**, telecom stocks have been tumbling of late, opening up a rare window of opportunity for risk-averse investors to lock-in a slightly higher dividend alongside a lower price of admission.

In this erratic market, dividends are in high demand as the competitive landscape of the Canadian telecom scene becomes that much fiercer, paving the way for a bit more volatility than most telecom investors are used to.

As Canada's telecom scene continues to moves into the era of 5G and Fibre with four major players, the Big Three triopoly will become disrupted, and we could see significant winners and losers as the four telecom titans clash for the business of Canadians.

At this juncture, I like the number four up-and-coming sensation, **Shaw Communications** (TSX:SJR.B)(NYSE:SJR) the best.

When it comes to the Canadian wireless scene, Shaw is a disruptor with its carrier Freedom Mobile. While Freedom's network quality and nationwide penetration pales in comparison to its Big Three peers, the upward trajectory remains.

Given Shaw's relentless infrastructure investment and cost undercutting, I do see 5G as a fresh slate and a time where Freedom can aggressively poach subscribers of the Big Three.

Federal regulators are knocking down the hurdles by lowering switching costs for Canadians to get a better deal. NDP leader Jagmeet Singh has the Big Three telecoms in his crosshairs, noting that he believes that Canadians have been getting "ripped off" for telecom services like wireless.

In a prior piece, I highlighted the fact that Freedom was already again of the pack when it came to potential regulatory proceedings and that most hurdles would be placed in front of Shaw's competitors to foster better rates for Canadian consumers.

We're in the very early innings of the 5G arms race, but if I were to place a bet, I'd have to go with a player that's going to be on the offensive. Shaw is going after its peers' subscriber bases while its peers look to retain subscribers through various initiatives that'll eat into margins.

Gone are the days of high capital gains and massive dividend growth — at least until Freedom becomes an equal player in the Big Four and another Nash equilibrium can be reached.

While it will take many years for Freedom to catch up to its bigger brothers, I'm enticed by the 4.6% dividend yield that's generous enough for most investors to wait it out for the long run.

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