2 Top TSX Income Stocks to Buy in April 2021

Description

There are plenty of **TSX** income stocks to keep your watchlist going into a fresh new quarter. The growth-to-value rotation sparked by rising 10-year U.S. Treasury note yields was the story of the first quarter. For growth-focused investors, it was a nasty start to the year. Although the TSX Index is up considerably, I'd imagine that many beginner investors are still down, potentially by double digits, as the **Nasdaq 100** has slogged out of its correction, which may or may not be over.

TSX income stocks could outperform over the next year

With investors bracing themselves for 2% or even 3% bond yields on the American 10-year, I think most of the pain in tech is already behind us. That said, I would continue to encourage beginner investors to embrace value stocks, as they could continue to lead the charge higher in the latter three quarters of 2021.

Without further ado, let's get into the top four TSX income stocks that are on my watch list for Fools this April:

BCE

BCE (TSX:BCE)(NYSE:BCE) is a Canadian telecom behemoth with one of the best value propositions in town. The stock sports a 6.2% yield that's well supported with room to run. Bell Canada recently boosted its capital spending plan by around $1 billion, a hefty investment that'll apply modest pressure to the balance sheet. Despite continued COVID-19 pressures, I view BCE as a must-buy ahead of an economic reopening. Bell's capex jolt will allow it to beef up its 5G coverage, which will literally pay dividends for years to come.

In the meantime, BCE is comfortable raising its dividend modestly as it waits for better times, which are just up ahead. With BCE shares are down nearly 13% from their high, I'd say income investors have to buy it before the juicy yield shrinks.

The TSX income stock trades at 18.3 times forward earnings and 2.3 times sales. While that's not a steal by any means, it's a reasonable valuation for the calibre of low risk growth you'll be getting from the name.

Canadian Western Bank

I've been pounding the table on **Canadian Western Bank** (TSX:CWB) stock ever since it fell off a cliff last February and March. The regional bank has more than its fair share of exposure to the ailing energy-heavy province of Alberta. When the coronavirus crash struck, oil stocks led the downward charge and the moment oil prices turned negative nearly a year ago, there were fears that it was curtains for oil and that banks with exposure to Alberta would be left holding the bag, as firms crumbled under the profound industry pressures.

It was a scary time to even think about touching the TSX income stock. But it also turned out to be a great time to be a contrarian. CWB stock nearly doubled off its March 2020 low before its latest 8% breather. I think this modest dip is buyable, not just for a recovery in western Canada, but because CWB is growing east, which could warrant a re-valuation to the upside.

And with interest rates likely to rise over the next decade, I'd say CWB stock is the last of the few deep-value bargains in the Canadian financial space. With a 3.6% yield, I'd snag shares now because the catalysts up ahead are just too good.

Beaten-down banks are the new momentum stocks, and I think they'll continue going strong right into year's end.

CATEGORY

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1. NYSE:BCE (BCE Inc.)
2. TSX:BCE (BCE Inc.)
3. TSX:CWB (Canadian Western Bank)

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