



## Insiders Buy Over \$13 Million of Bank of Nova Scotia Stock; Should You Buy Too?

### Description

Last Friday, **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)) saw a large volume of insider purchases, the most of any TSX traded stock. Insiders bought 212,970 shares, and sold just 4,544 shares, according to the TSX Insider Trade Marker Report, published by *TMX Money*. The total value of the shares purchased by insiders was \$13.13 million.

This may be a dip in the bucket compared to the value of Bank of Nova Scotia's total shares outstanding, but it is a significant move nevertheless and whenever insiders buy or sell large chunks of their stock, I tend to take notice. So why are insiders so bullish on Bank of Nova Scotia?

### A brief history

Bank of Nova Scotia had a disappointing performance in 2014, with the stock gaining just 1.7%, making it the second-worst performer of Canada's major banks. What was behind the slump? In November 2014, the bank stunned investors when it said that it would take \$451 million in charges, some of them related to restructuring.

Tangible impacts for the charges were only mentioned for the fourth-quarter of 2014, but separately, the company's CEO said he was expecting earnings growth to moderate in 2015.

In the company's fourth-quarter earnings report its CEO Brian Porter said: "We expect earnings growth to moderate somewhat in 2015 as a result of a continued low-rate environment and ongoing investments in technology and other business initiatives. The headwinds that we have experienced over the last few quarters are likely to persist into the first half of 2015, with more robust growth expected in the latter part of the year."

### The motivation

Who knows the exact reason was why there was so much inside trading of Bank of Nova Scotia stock last Friday. I am taking it as another piece of evidence supporting the bank's long-term potential. The latest headwinds that the bank has faced have depressed stock prices, while it looks like things will start to improve for the company in the later part of the year.

When the restructuring was announced, it dealt a big blow to Bank of Nova Scotia's stock value. However, in the long-run this restructuring should be good for the company. Once the positive impacts (cost savings) become a part of the bank's daily business, it will be too late to buy the stock. This could be the reason why insiders are amping up their stock purchases — they are buying the stock now knowing that an appreciation in value is just around the corner.

## CATEGORY

1. Bank Stocks
2. Investing

## TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. TSX:BNS (Bank Of Nova Scotia)

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