



Why Bank of Nova Scotia Might Be a Perfect Fit for Your Portfolio

Description

The importance of selecting the right stock for your portfolio is something many investors struggle with as there are countless options that try to cater to all needs. For investors seeking a single company that can provide both dividends and growth, the options are hard to come by and, more often than not, the stock that is selected will only favour either dividends or growth.

Bank of Nova Scotia ([TSX:BNS](#))([NYSE:BNS](#)) is one company that comes to the top of my mind when pondering dividend and growth options. Here's a few reasons why Bank of Nova Scotia might just be a great fit for your portfolio.

It's diversified

The company operates a traditional banking segment for both individual and business clients with operations in over 55 countries. Despite this huge footprint, the company has placed a special interest on countries that are part of the Pacific Alliance—specifically Chile, Columbia, Mexico, and Peru.

The Pacific Alliance is meant to reduce trade barriers, the need for travel visas, and establishes joint embassies. By targeting a stronger presence in these regions, Bank of Nova Scotia essentially creates a single mega-market to offer services in. And it has paid off considerably.

In the most recent quarter, the international banking sector reported that net income is up by 21% year over year. Loans saw an increase of 19%, as did deposits by 27% year over year.

One of the strengths of Bank of Nova Scotia's international model is that a weakness in one market, say, here at home as a result of the crunch in the oil sector, can be offset by the significant increases in another market, such as the recent performances of Bank of Nova Scotia's Pacific Alliance locations.

Bank of Nova Scotia continues to post favourable results

In the most recent quarter, Bank of Nova Scotia posted a net income of \$1.8 billion. This represents a 2% decrease over the prior quarter, but is an increase of 5% when viewed on a year-over-year basis.

The same can be aside about diluted earnings per share, which came in at \$1.43 for the quarter, down 1% over the prior quarter but up 6% year over year. Revenues came in at \$6.5 billion, a 5% increase over the prior quarter, and an impressive 9% increase year over year.

The company noted that the positive results are the result of growth in the business segments as well as the impact of both foreign exchange translations and acquisitions. Higher banking fees and revenues associated with wealth management and insurance revenues also played a part.

Bank of Nova Scotia is investing in the future and in shareholder value

As impressive as those results are, Bank of Nova Scotia is seeking new revenue streams and savings where possible. At the recent annual meeting of shareholders, the bank told shareholders that it was going to be working on a comprehensive agenda to adjust for the future.

These changes include a new core banking platform—which is already being installed in the company's Mexican subsidiary and slated to be introduced to Canada shortly—and significant updates to onboarding processes for mortgages, credit cards, and other products to better leverage technology.

On the dividend side, Bank of Nova Scotia currently pays a dividend of \$0.72 per quarter, giving it a yield of 4.43%. The stock currently trades at \$54.04 and is up over 23% in the past three months and by over 16% year-to-date, making it not only a great dividend stock, but a viable growth stock, too.

In my opinion, Bank of Nova Scotia remains a great option for those investors looking for both growth and dividends. The company is well diversified and has the results and plans for the future to ensure that shareholders will continue to be pleased.

CATEGORY

1. Bank Stocks
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1. NYSE:BNS (The Bank of Nova Scotia)
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