



Is Bank of Nova Scotia a Good Investment?

Description

Canada's Big Banks are, for the most part, considered great investment opportunities. Yes, there are times when a report harshly criticizes the actions of the big banks, but these reports are few, spaced over the course of years, and always seem to target a different bank.

Bank of Nova Scotia ([TSX:BNS](#))([NYSE:BNS](#)) has, for the most part, escaped the controversies and issues that have plagued its peers. If anything, Bank of Nova Scotia has developed a reputation for silently growing under the radar into a great investment opportunity, even with the recent dip in prices that has weighed down all banks.

What makes Bank of Nova Scotia a great investment opportunity?

A growing international presence

All of Canada's big banks have an international presence, but none of them are quite as international as Bank of Nova Scotia. And while the bank has developed a sizeable network outside Canada over the years, Bank of Nova Scotia's recent foray into the Pacific Alliance is perhaps one of the most lucrative opportunities yet.

The Pacific Alliance is an agreement in place between Chile, Columbia, Mexico, and Peru that, among other things, targets stronger trade agreements between member states that will reduce barriers and simplify or even remove visa requirements between those countries. Bank of Nova Scotia offers services in all of the member states, and this has resulted in significant increases and growth stemming from the region.

In the most recent quarter, the international segment of Bank of Nova Scotia realized an increase in net income of 18% to \$576 million. While this falls behind the results from the Canadian segment which had a 12% increase to \$981 million, the revenue growth from the international segment is encouraging, particularly considering that during the last fiscal year the international segment contributed over \$2 billion in earnings.

If the current trends continue, Bank of Nova Scotia should match or better that performance during this

fiscal year.

Dividend growth and opportunity

The recent pull back in prices saw Bank of Nova Scotia dip approximately 6% over the past month. Despite that, the current stock price of under \$77 is where the bank was trading at in January of this year; even accounting for that recent drop, the stock is still up 20% over the past year.

To put it another way, Bank of Nova Scotia is on sale right now. It's not a huge discount, especially considering the growth the bank experienced over the past year, but when compared to how expensive the other big banks are, Bank of Nova Scotia's value becomes clear.

In terms of a dividend, Bank of Nova Scotia pays out a quarterly dividend in the amount of \$0.76; thanks to the discounted price, this results in a very appetizing 3.95% yield.

In my opinion, Bank of Nova Scotia remains a good opportunity for investors. The dividend alone makes the bank a great option, but when coupled with the impressive international portfolio and past performance, Bank of Nova Scotia emerges as a great long-term option.

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