



## Diversify Your International Portfolio With Bank of Nova Scotia

### Description

The big banks offer some of the best investment opportunities on the market, often recommended as core holdings in nearly every portfolio. Among the big banks, **Bank of Nova Scotia** ([TSX:BNS](#)) ([NYSE:BNS](#)) is often overlooked as an investment option in lieu of one of its bigger peers.

Unfortunately for those investors, Bank of Nova Scotia has some differences over its peers that are beginning to pay dividends for investors.

Here's a look at what sets Bank of Nova Scotia apart from the other banks and why you should consider an investment.

### International growth opportunities

When international growth is mentioned in the context of Canada's banks, we often default to thinking about the U.S. market. Now, don't get me wrong, there are some very compelling reasons for Canada's banks to diversify into the U.S. market, and those that have are paying dividends to investors.

But when looking at Bank of Nova Scotia, international growth takes on a whole new meaning.

Over the past few years, Bank of Nova Scotia has been working hard to expand into Latin America — more specifically, the members of the Pacific Alliance.

The Pacific Alliance is a trade bloc that was set up between Chile, Columbia, Mexico, and Peru that is tasked with reducing tariffs, increasing trade, and leveraging shared consular services between its members.

Together, those nations comprise a whopping 218 million people with a combined GDP of US\$3.75 trillion, which, combined, would be the sixth-largest economy on the planet.

That's a massive opportunity that, so far, only Bank of Nova Scotia has capitalized on.

## Has the Pacific Alliance investment paid off?

As business relations between member states increase, banking becomes a commonality between member states operating in those foreign markets. Bank of Nova Scotia has taken this approach and expanded its presence in the member states.

In terms of results, the investment in the Pacific Alliance has paid off considerably. Bank of Nova's international segment has realized significant growth in the past few quarters, reporting net income attributable to shareholders of \$614 million in the most recent quarter, representing an increase of 16% over the same quarter last year.

Much of that increase was attributable to growth from both loans and deposits.

That's not to say that Bank of Nova Scotia isn't performing well in domestic markets. The Canadian segment of the bank reported net income attributable to shareholders of \$1,045 million, which represents a 12%, or \$115 million, increase over the same quarter last year.

## Can that growth continue?

Apart from the four core members of the alliance, there are over 40 other nations that are part of the Pacific Alliance treaty with an observer status. Several of those observer nations are in the process of becoming full members to the treaty.

For Bank of Nova Scotia, the growth opportunity that the alliance has provided will continue for the foreseeable time. Bank of Nova Scotia also recently hiked the quarterly dividend to \$0.79 per share, providing investors with an appetizing 3.96% yield.

In my opinion, Bank of Nova Scotia remains a great opportunity for investors looking to diversify their financial portfolio with an income and growth stock.

## CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

## TICKERS GLOBAL

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2. TSX:BNS (Bank Of Nova Scotia)

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