



Why Bank of Nova Scotia Is Now a Must-Have Holding for Your Portfolio

Description

Financial stocks, particularly Canada's big banks, are some of the best investments to add to any portfolio. **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)) remains a great buy-and-forget option for investors looking for a diversified bank with massive growth opportunity.

Here's a look at Bank of Nova Scotia and why the bank is a great fit for your portfolio.

Bank of Nova Scotia is the international bank

Bank of Nova Scotia is not the largest or most renowned of the big banks, but one area where Bank of Nova Scotia excels over its peers is in the realm of international expansion.

Nearly all the big banks have expanded operations into the U.S. market, opting to expand to our neighbour in the south over other foreign markets. There's good reason for that decision, and it's worked out well for a number of those banks. Bank of Nova Scotia, however, has opted to go a different route with respect to expansion targets, and that decision has proved incredibly lucrative over the years.

The Pacific Alliance is a trade agreement that exists between the nations of Mexico, Peru, Colombia, and Chile. The agreement is focused on reducing tariffs, increasing trade, and fostering better relations between those member states.

The agreement has proven wildly successful and has attracted the attention of other nations such as Canada and Australia, which are now considering formal applications to join the trade bloc.

So, how does Bank of Nova Scotia benefit?

When businesses cross over international borders, banks often serve as a medium between the two nations, and if that bank has offices in both countries, it becomes a common face for businesses to turn to.

When you factor in interest rates that are considerably higher in those nations, the true opportunity

begins to unfold. Year over year, Bank of Nova Scotia realized loan growth of 13% across the region in the most recent quarter, and the international segment reported an impressive 14% improvement across the region.

Bank of Nova Scotia and the other big banks are set to provide an update on the fourth quarter [next week](#), and analysts are expecting the bank to beat analyst estimates once again, with earnings slated to come in near \$1.60 per share.

Bank of Nova Scotia as a NAFTA insurance policy investment

Another reason to consider Bank of Nova Scotia stems from the ongoing NAFTA negotiations. Canada, Mexico, and the U.S. recently wrapped up another round of meetings aimed at establishing an upgrade to the decades-old trade agreement which has become the envy and baseline of trade agreements around the world.

Despite that level of success, the current U.S. administration is shying away from trade and globalization, seeking to put [protectionist controls](#) and measures in place at nearly every juncture.

Measures such as these will only push Canada and Mexico further from the U.S., and Canada could move towards becoming a full member of the Pacific Alliance. Last month, Canada, Australia, New Zealand, and Singapore all began negotiations for a free-trade agreement with the Alliance in Colombia.

The move makes sense, as trade with Pacific Alliance members already constitutes more than 75% of Canada's trade with Latin America, which amounted to US\$36.2 billion last year. Expect that figure to grow in the coming years and Bank of Nova Scotia to play a key part in that growth across the region.

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