



Global Investors: Look to Latin America With This Big 5 Canadian Bank

Description

It is a well-known fact that Canadian investors tend to stick close to home when picking stocks.

While an argument could be made that the average Canadian investor may be losing out on many of the global growth and value opportunities available across a variety of oceans, an argument could also be made that investing closer to home is advantageous in terms of the amount of information an investor has to make informed decisions on North American exchanges.

Throwing out a range of other issues with investing internationally (exchange rates, fees associated with trading on multiple exchanges, market differences and political/other risk factors not blatantly obvious to the average investor), getting caught up in one of many potential traps is something to be concerned about.

When thinking about Latin America, most Canadian investors do not know where to start — enter **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)), a Canadian company with a substantial presence in Latin America.

The focus on Latin America by Bank of Nova Scotia is unique to this company, as the majority of its peers have largely stuck to North American and European operations for growth. This differentiating factor is one of the key reasons investors often consider Bank of Nova Scotia; after all, investors looking at “international” options typically stick to the developed markets — Latin America is often ignored in favour of Asia, thereby leaving a diversification gap for investors looking to reduce systematic risk further.

Recent acquisition highlights long-term company strategy

Bank of Nova Scotia's management team has remained committed to not only continuing its operations in Latin America, but building an even stronger base of operations in a variety of Latin American companies. In late November, Bank of Nova Scotia announced the \$2.2 billion acquisition of a majority stake in BBVA Chile, one of the largest banking operations in the country. Bank of Nova Scotia's existing presence in Chile means this acquisition will propel the Canadian bank to the third spot overall in terms of banking market share in Chile.

Other Latin American countries Bank of Nova Scotia has a vested interest in include Mexico (in which the company's subsidiary has a prominent market position, currently the fifth-largest bank in the country of 130 million people), Colombia, and Peru — all of which are countries showing economic improvement, despite near-term headwinds for Mexico relating specifically to the NAFTA renegotiation happening with the U.S.

Bottom line

Having a small percentage of one's portfolio invested in all parts of the world is indeed an excellent global diversification strategy. When one part of the global economy performs better than others, an investor is able to reasonably compensate for losses in one continent with gains in another (assuming no major global correction, of course).

Bank of Nova Scotia is an excellent option for Canadian investors looking for diversification in places most are unwilling to look.

Stay Foolish, my friends.

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