



## Bank of Nova Scotia Is Still a Buy

### Description

Back in October, [I'd suggested](#) to investors that purchasing shares of **Bank of Nova Scotia** ([TSX:BNS](#)) ([NYSE:BNS](#)) was a good move if you wanted to gain exposure to international markets. Had you acted, you'd be in the same position you are today from a price perspective, with shares relatively stagnant, but you'd be sitting on a stock with a 3.9% yield.

But I believe that Bank of Nova Scotia remains a great opportunity for investors. One thing [I've talked](#) about for months now is the large populations that Bank of Nova Scotia has exposure to compared to its competitors here in Canada. Consider this: Canada's population is 36 million, and there are five big banks fighting for the business.

In Mexico, where Bank of Nova Scotia is investing heavily, there are 127 million people; in Chile, there are 17.95 million; in Columbia, there are 48.23 million; and Peru has 31.38 million. And unlike in Canada, Bank of Nova Scotia isn't competing with any of its major Canadian competitors. This gives it a stronger advantage.

Those four countries form what's known as the Pacific Alliance — a Latin America trade bloc — which Bank of Nova Scotia believes will deliver strong growth in the next few years. And the bank is spending a considerable amount of effort in the region.

In November, Bank of Nova Scotia agreed to buy **Banco Bilbao Cizcaya Argentaria SA's** stake in BBVA Chile for \$2.2 billion, making it the third-largest privately owned bank in Chile. CEO Brian Porter explained that the acquisition of the business was a "once-in-a-lifetime opportunity." And for Bank of Nova Scotia, this gives it 14% market share in Chile.

Looking at the full-year results, it's clear that the strategy is working. Net income was \$8.24 billion, which is up from \$7.37 billion in 2016. Diluted earnings per share were \$6.49, up 12% from the previous year. So, it's obvious that the company was able to deliver incredibly strong results to its investors.

Since I last covered the bank, it's added a major asset to its portfolio, which I believe is going to help it continue to generate strong returns in Chile. Therefore, for the same price as it was then, you're getting

a much stronger Bank of Nova Scotia.

Not to mention, you're also getting the 3.9% yield. The bank has consistently increased its yield as income has increased, so by purchasing shares today, you're getting exposure to a bank that will boost your income every year for the foreseeable future.

One caution, though: the international markets, especially in Latin America, are riskier. They have more turbulent economies, so the strategy could backfire on Bank of Nova Scotia. However, everything points to strong growth for the bank, and I believe that investors that are looking for international exposure, especially in the banking sector, should be looking to add this stock.

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1. Editor's Choice

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