



This Growth-Focused Bank Is a Great Buy

Description

When evaluating Canada's big banks, I always try to look for a competitive advantage that one has over its peers that really justifies an investment. This can sometimes prove to be a difficult task, as Canada's big banks stack up very similarly in terms of growth prospects, expansion priorities, and income earnings potential. The banks even report their earnings within days of each other, often telling the same impressive story with each passing quarter.

Bank of Nova Scotia ([TSX:BNS](#)) ([NYSE:BNS](#)) is neither the largest or most well known of the big banks, but is the one bank that has caught my attention over the past few quarters; it holds what I believe is the biggest long-term potential for growth, which is unlike any of its peers.

Scotiabank is investing in different markets

Scotiabank's international segment is heavily invested into several Latin American nations — specifically, Mexico, Peru, Columbia, and Chile. Those four nations comprise the Pacific Alliance, which is a trade bloc that is focused on reducing tariffs, increasing trade, and opening member-nation markets to foreign goods. A secondary aim of the bloc is to leverage joint diplomatic missions for member states, allowing for shared consular services in selective areas around the globe.

Collectively, the four nations account for over 220 million people and a GDP of over US\$3.5 trillion and have so far successfully removed over 90% of tariffs between member states, with the aim of completely removing tariffs within the next two years.

The bloc has proven so successful that both Panama and Costa Rica are pursuing full membership, and several other nations, including Canada, are noted as associate members to the bloc.

So, where does Scotiabank fit into the trade bloc? Scotiabank set up branch locations in each of the member states, and by doing so it has become a familiar face for entrepreneurs and corporations alike looking to do business across the bloc.

Bank of Nova Scotia took that expansion one step further recently with the acquisition of a majority stake in BBVA Chile. The deal, which is expected to close before the end of the year, will double the

market share that Scotiabank has in Chile to nearly 14%, making it one of the largest privately owned banks in the country.

The strategy appears to be working and is a significant departure from Scotiabank's peers, which have opted to predominately [expand into the U.S. market](#).

In the most recent quarter, Scotiabank saw net income surge 12% over the prior year, and the international segment reported net income that was an impressive improvement of 18% over the same quarter last year.

As the international segment continues to expand over the members and candidate nations of the Pacific Alliance, Scotiabank is establishing a formidable hedge against the inevitable slowdown in the economy at home.

What about income?

Growth isn't the only reason investors should be considering Scotiabank for their portfolios. Scotiabank offers investors a very appetizing quarterly dividend that pays an impressive yield of 4.14%, placing it on par with many of the [best-paying dividend stocks](#) on the market. The yield represents a recent bump to the dividend, which continues a trend of annual or better increases spanning back several years.

For many investors, the yield and growing revenue stream may be reason enough to consider an investment, but there's one final point that solidifies Scotiabank as a great buy at this moment, and that's price. Scotiabank trades at lower levels than many of its peers, with a P/E of just 11.67.

In short, Scotiabank is the complete package for a growth or income-seeking investor. Buy it, hold it, and watch it grow.

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