



Is Bank of Nova Scotia (TSX:BNS) Still a Stock to Buy and Hold Forever?

Description

While most of the limelight gets hogged by its competitors, the fact is that **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)) is looking like one of the best of the top-level financials on the TSX index right now. Investors who like value stocks that pay dividends should take note, while TFSA and RRSP investors have a stock to buy and hold forever.

Known to investors and customers alike as [Scotiabank](#), this stock is looking like one of the best defensive plays for Canadian investors at the moment. Let's take a look at its multiples and other key quality indicators to see whether this stock is a buy today.

Value you can take to the bank

Scotiabank is discounted by 9% compared to its future cash flow value, which represents outstanding value for one of the biggest banking stocks on the TSX index. Its multiples look really good, so if it's value you're after, you can't complain. A low P/E of 11.1 times earnings is a good start, while a high-ish PEG of 2.9 times growth reflects a 3.8% expected annual growth in earnings.

A P/B ratio of 1.6 times book isn't bad at all for a stock of this calibre. A low level of non-loan assets with liabilities made up of mostly low-risk funding sources further highlight the strength of this stock. Passive-income investors will be pleased to see that Scotiabank's dividend yield of 4.28% is one of the [best of the Big Five](#).

How Scotiabank differs from its competitors

While other Big Five Canadian banks focus on gaining domestic customers or expanding business into the U.S., Scotiabank has been working on establishing a foothold in what it labels the "Pacific Alliance." This is a group of international markets that could be key to the future growth of this already very solid income stock.

The four countries making up this alliance are Mexico, Peru, Chile, and Colombia — even just one of which could prove an extremely lucrative market for Canadian finance. To take a single deal as an example, Scotiabank this year came to an agreement worth \$2.876 billion, which involved ownership of

a Chilean bank along with new acquisitions in Peru and Colombia.

The bottom line

Getting into Canadian financials is a natural play for anyone new to the TSX. Investors in the U.S. seeking exposure to the Canadian stock market likewise come to our banks for their defensive qualities. The Big Five are solid choices, offering low levels of debt and other liabilities, huge stakeholder bases that include both private and corporate customers, and decent-sized dividend yields.

Scotiabank is a particularly good choice today, not only for its great valuation, but also for its tasty dividend yield. What sets it apart from some other large Canadian banks is its international exposure, most notably Mexico and South America. These represent sources of huge growth for what is already a massive banking institution. Investors buying today will get a stock that they can hold for life, bringing passive income and a rising share price.

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