



Stash Bank of Nova Scotia (TSX:BNS) in Your TFSA Forever Fund and Carry On

Description

The Big Five Canadian banks are permanent holdings for any portfolio. It doesn't matter who you are or what your investment goals are; the Big Five blue chips are the epitome of market-beating stability, so when you're presented with the opportunity to grab shares at a discount, backing up the truck is usually the best course of action.

At this point, it's **Bank of Nova Scotia's** ([TSX:BNS](#))([NYSE:BNS](#)) turn to sit in the penalty box. Canada's third-largest bank fell into correction territory (a pullback of at least 10%) this summer, but it has since bounced back slightly and is now down just over 8% from its all-time high.

Get some international diversification into your portfolio

With over 40% of revenues coming from international markets, Bank of Nova Scotia is Canada's most internationally exposed bank. The bank has made a huge splash in the higher-growth Latin American market, which will be a source of explosive growth for many decades to come. With its deepening roots in the higher-growth Latin American market, investors have the opportunity to obtain amplified growth numbers versus that of a domestic bank.

While emerging markets are a source of more significant growth, they're also subject to a higher degree of risk. Higher credit losses are to be expected in such an unsteady environment.

Given the bank's robust risk-management policies and their reputation as an efficient operator, however, I do not doubt that the long-term risk/reward trade-off will continue to be attractive for long-term thinkers looking for an extra jolt of sustainable growth without venturing into foreign exchanges.

Shares appear oversold and undervalued

The stock trades at a 10.5 forward P/E, a 1.6 P/B, and a 3.4 P/S, all of which are lower than the company's five-year historical average multiples of 11.9, 1.8, and 3.5, respectively. Moreover, Bank of Nova Scotia stock is also trading at a slight discount to the industry average multiples of 12.7, 2.0, and 3.5, respectively.

The bountiful 4.4% dividend yield is also slightly higher than its historical yield of 4%, which is [perfect long-term holding](#) for a TFSA portfolio.

Foolish takeaway

Bank of Nova Scotia just came off an [unimpressive quarter](#) that paled in comparison to its peers. While the year-ahead outlook may be less favourable, the longer-term international growth story is still intact, and at these depressed multiples, I think prudent investors will do very well for themselves by loading up on shares as they hover around their 52-week lows.

Stay hungry. Stay Foolish.

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