



## This International-Focused Bank Just Screams Growth and Income Potential

### Description

When it comes down to selecting investments, the three things I look for are unique [long-term growth opportunities](#), a healthy bottom line to keep that growth going, and a dividend that will be paid for decades.

**Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)) matches that criteria as the perfect investment. Let's take a look at each of those points I mentioned.

### Unique long-term growth opportunities

Canada's banks are great investment options. This goes without saying, as investors have grown accustomed to expecting quarter after quarter of record-breaking results, which is primarily attributed to the longest-running bull market we're experiencing at the moment.

But what happens when the inevitable correction comes about?

Bank of Nova Scotia has taken a different approach to expansion, with the bank expanding heavily over the past few years into the nations that comprise the Pacific Alliance.

The Pacific Alliance is a trade bloc of four countries — Chile, Columbia, Mexico, and Peru — that are looking to eliminate all tariffs between member states and foster increased trade throughout their nations. The agreement has proven incredibly successful over the past few years with several countries now lining up to become members and other nations such as Canada already enjoying an associate-member status in the bloc that could one day lead to full membership.

For Bank of Nova Scotia, expanding into those nations has resulted in it becoming a well-recognized and preferred lender in the region, resulting in double-digit gains for the bank during earnings season.

Bank of Nova Scotia continues to invest in the region and recently announced the completion of a multi-billion-dollar deal for a majority interest in Banco Bilbao Vizcaya Argentaria (BBVA) Chile, making Bank of Nova Scotia one of the largest lenders in the country.

Two other recent acquisitions by Bank of Nova Scotia include MD Financial and investment firm Jarislowsky Fraser. Both are expected to grow Bank of Nova Scotia's wealth management arm over the next few years.

### **A healthy bottom line**

Those impressive growth prospects have led to Bank of Nova Scotia posting positive results during earnings season. Bank of Nova Scotia announced results for the this fiscal of 2018 last month that, while lower than the same quarter last year, were largely attributed to Bank of Nova Scotia's acquisition-related costs in the quarter.

Specifically, net income came in at \$1,939 million, or \$1.55 per diluted share, compared with the \$2,103 million, or \$1.66 per diluted share, reported in the same quarter last year. Adjusting for the acquisition-related costs reveals a 7% increase in net income for the quarter and a 5% gain on a per-diluted-share basis.

Also worth mentioning is that Bank of Nova Scotia's international banking segment, which includes earnings from the Pacific Alliance nations, saw earnings growth of 15% year over year. Loan growth in those countries, where interest rates are higher, experienced double-digit growth.

### **A dividend that will pay for decades**

Strong results and plenty of opportunity for growth are great things to have in an investment, but Bank of Nova Scotia's dividend is what makes the bank the complete package for investors.

The bank currently offers a quarterly dividend that pays an impressive 4.51% yield, which the bank has hiked on an annual basis for several years and seems likely to continue doing so for the foreseeable future.

Bank of Nova Scotia is, in my opinion, the perfect long-term investment for both growth- and income-seeking investors. Buy the stock and then forget about it for a decade or more while it helps [make you rich](#).

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1. Bank Stocks
2. Dividend Stocks
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1. Editor's Choice

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