# This Discounted International Bank Is a Great Buy

## Description

If there's one lesson that investors from all corners of the market have learned in the past month, it would be the importance in diversifying your portfolio.

**Bank of Nova Scotia** (TSX:BNS)(NYSE:BNS) is neither Canada's largest bank nor is it the most well known of its big bank peers. The bank does, however, have a different title among investors: Canada's most international bank.



Over the past few years, Bank of Nova Scotia has opted to expand primarily into the Latin American markets of Mexico, Columbia, Peru, and Chile, and in doing so bypassing the U.S. market that its peers chose to move into.

**Why Latin America has massive potential for Bank of Nova Scotia**

Those four nations are part of a trade bloc known as the Pacific Alliance, which is charged with improving relations and trade between member nations across the bloc and around the globe. Bloc members have been steadily removing tariffs between member states, and have begun to share consular services around the world to foster greater growth opportunities.

Together, the four nations comprise approximately 220 million people with a GDP of over US$3.7 trillion. Since coming into effect, the treaty has garnered an impressive number of signatory nations as observers, and several nations such as Canada are referred to as associate members that could one day become full members in the bloc.

For Bank of Nova Scotia, the treaty represents an opportunity for the bank to become a familiar, if not preferred lender within the trade bloc. With a growing network of operations in all four nations, Bank of Nova Scotia continues to benefit from strong growth in both savings and loans across the region. By way of example, in the most recent quarter, the bank saw double-digit gains from the segment.

This is significant for investors due to two key reasons that are often overlooked.

First, the markets represented in the trade bloc are some of the strongest markets in the region experiencing a prolonged period of growth with higher interest rates when compared to the market in Canada or even the U.S.

Then there's diversification to take into consideration. One of the often-cited concerns of critics is that the big banks of Canada are too heavily reliant on both the U.S. economy and Canada's overheated real estate market. By investing in a series of Latin American economies, Bank of Nova Scotia is well diversified against any potential slowdowns in the domestic and U.S. markets.

**There is growth and opportunity outside Latin America**

Most investors may not realize it, but Bank of Nova Scotia has gone on a bit of a spending spree over the past year. The multi-billion-dollar acquisition of BBVA Chile announced last year is set to make Bank of Nova Scotia one of the biggest banks in Chile, opening other opportunities to that market. There's also the $950 million deal for Montreal-based investment firm Jarislowsky Fraser that propelled Bank of Nova Scotia's wealth management up a notch, as did the $2.6 billion deal for Ottawa-based MD Financial Management, which is focused on Canada's medical practitioners.

Those deals all came within a relatively short period of time, which gave the perception to some that bank's balance sheet was not up to par, particularly when compared to its peers. In reality, the bank remains an excellent long-term option for investors that are after both income and growth. If anything, the current 12% year-to-date decline in stock price represents a great buying opportunity that long-term investors should seize the moment on.



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dafxentiou