



This Bank Has an International Plan for Long-Term Diversified Growth

Description

While interest rate hikes appear to have ceased for the moment, most investors will agree that the economy is no longer as hot as it was just a few months ago. Stocks, oil, gold, and the loonie have had a rollercoaster of a ride in recent weeks, as everything from the U.S.-China tariff war and the ongoing Brexit drama across the pond, wreaking havoc on the markets.

Even Canada's Big Banks, often regarded as some of the [safest investments on the market](#), are no longer the safe haven for investors they once were — or so it would seem.

Bank of Nova Scotia ([TSX:BNS](#))([NYSE:BNS](#)) had a dismal 2018 by some accounts, but that doesn't necessarily mean that the bank isn't a good investment option; in fact, Bank of Nova Scotia is an excellent long-term investment option that is also trading at a considerable discount at the moment.

Why you should buy Bank of Nova Scotia

After the less-than-stellar 2018 that Bank of Nova Scotia had, prospective investors are likely wondering why an investment in the bank is even feasible at this point. To answer that, let's look at three key reasons.

First, let's talk a bit about international growth. Bank of Nova Scotia is very well diversified into the Latin American nations that comprise the trade bloc known as the Pacific Alliance. This has been a boon for Bank of Nova Scotia's international segment, with double-digit gains and loan deposit growth becoming more of the norm over the past few years. That strong growth across the trade bloc was also a key factor in Bank of Nova Scotia's decision to invest further into the region by acquiring a majority stake in a Chilean bank that once combined with its existing operations in the country, will make Bank of Nova Scotia one of the largest financial institutions in the country, thereby accounting for 14% of the Chilean market.

That acquisition was then followed with a deal in Peru, where Bank of Nova Scotia acquired a majority stake in Banco Cencosud, which is known in the region for its consumer lending services. The deal will set Bank of Nova Scotia up as the second-largest credit-card issuer in the Peruvian market.

Bank of Nova Scotia's expansion into the Pacific Alliance regions runs completely in the opposite direction from its Big Bank peers, which have largely opted to expand primarily into the U.S. market. That's not to say that Bank of Nova Scotia is not invested in the American market, only that the bank has taken a more diversified and alternate route to establish a hedge against the domestic market in Canada that many critics now see as losing steam.

The second point worth mentioning is Bank of Nova Scotia's growing wealth management business. Over the course of the past year, Bank of Nova Scotia has completed two interesting acquisitions that are set to bolster the bank's bottom line. First was the \$950 million deal for wealth management firm Jarislowsky Fraser that was followed by the \$2.59 billion deal for MD Financial. In total, the addition of both MD Financial and Jarislowsky Fraser have added nearly \$100 billion in assets under management to Bank of Nova Scotia's wealth management business.

Finally, let's talk performance. Despite the fact that Bank of Nova Scotia's international segment continues to provide record-breaking growth for the company and now accounts for a third of revenue, the bank finished 2018 down over 16%. Looking back over a longer five-year period shows a relatively anemic growth of just shy of 9%, which is particularly shocking considering how much potential and diversified the bank is.

If for no other reason, potential investors should contemplate buying Bank of Nova Scotia for its dividend. With a yield of 4.94%, the quarterly payout matches, if not exceeds the amount provided by its Big Bank peers, and the bank has an established precedent of providing annual hikes.

In my opinion, Bank of Nova Scotia is an excellent option to consider [bolstering your portfolio in 2019](#).

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Date

2025/08/26

Date Created

2019/01/09

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