



Here's My Top Stock to Buy in June

Description

Kay Ng: Bank of Nova Scotia

The stocks of the Big 5 banks have been excellent long-term investments, especially for conservative investors looking for current income and long-term returns of more than 8% per year.

Bank of Nova Scotia ([TSX:BNS](#))([NYSE:BNS](#)) stock is depressed in anticipation of a global economic slowdown. However, it's exactly now that it's a fabulous opportunity to buy the stock with a fat but safe yield of close to 5% while it's on the cheap!

The international bank's dividend is secured with a payout ratio of about 48% this year. So, there's a margin of safety to maintain its dividend even when there happens to be temporary spikes in the payout ratio in the future, such as when a financial crisis occurs.

At CAD\$70.60 per share at writing, Scotiabank trades at a blended price-to-earnings ratio of about 9.9, while its long-term normal price-to-earnings ratio is about 11.9. Additionally, the bank is estimated to increase its earnings per share by about 6.3% per year over the next three to five years.

Altogether, Scotiabank's above-average yield, stable growth, and multiple expansion potential can lead to total returns of about 11-15% per year over the next three to five years. It should be a top choice for conservative income and total returns investors alike.

Fool contributor Kay Ng owns shares of Bank of Nova Scotia.

CATEGORY

1. Bank Stocks
2. Investing
3. Top TSX Stocks

TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. TSX:BNS (Bank Of Nova Scotia)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Bank Stocks
2. Investing
3. Top TSX Stocks

Date

2025/06/28

Date Created

2019/06/04

Author

motley-fool-staff

default watermark

default watermark