



Why Bank of Nova Scotia (TSX:BNS) Is the 1 Banking Stock You'll Want to Own for the Next 30 Years

Description

Bank of Nova Scotia ([TSX:BNS](#))([NYSE:BNS](#)) was the clear laggard last year among its peer group of TSX banking stocks.

But the truth of the matter is that the main reason behind why the BNS shares had underperformed the competition last year was that the company was busy making some rather large-scale investments that the bank hopes will set it — and its shareholders — up for a very bright future.

Perhaps even more to the point — in light of those significant but also smart investments it's been busy making over the past 18 or so months — the fact that its share price has been underperforming so poorly happens to be the reason why I believe right now it's the unequivocal long-term buy-and-hold no-brainer within Canada's banking sector.

Investing in international growth

Last year, Scotiabank closed a deal to purchase a 67% stake in Chilean bank BBVA Chile for \$2.9 billion.

That deal makes it the fourth-largest bank in the country with a 14% market share, but it didn't stop there.

Last year, Scotiabank also acquired 51% of Peruvian consumer lending company Banco Cencosud; while the deal was much smaller than its BBVA Chile acquisition, Scotiabank stands to be Peru's second-largest credit card issuer.

Those deals should collectively go a long way towards giving the bank much more scale within the Pacific Alliance region it's been so aggressively pursuing in recent years — specifically, the fast-growing economies of Mexico, Chile, Peru, and Colombia.

Expanding into wealth

Beyond continuing to invest internationally, Bank of Nova Scotia has also been busy making big moves to build its wealth management business as well.

In February of last year, the bank made a big splash when it acquired renowned Canadian investment manager Jarislowsky Fraser for \$950 million, following that move up with the \$2.59 billion acquisition of MD Financial, an asset manager that's specifically focused on the medical sector as its clients.

Those deals, along with plans to create a standalone business segment dedicated to Global Wealth Management, should go a long way in helping it to build a stronger foundation of fee-based revenues as complements to its interest-related income — a strategy that continues to become more prevalent as banks continue to grapple with the prospect of dealing with [lower interest rates](#) for longer.

Foolish bottom line

Investments in faster-growing developing markets, along with acquisitions in the investment management space coupled with ongoing investments in technology are moves that should go a long way in setting this bank up for years — if not decades — to come.

Meanwhile, the fact that the bank's stock has been noticeably [underperforming its peer group](#) over the past 18 months only adds strength to the investment thesis that Bank of Nova Scotia is your unequivocal top pick within Canada's banking sector right now.

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