



## Retirees: Check Out This Cheap High-Yield Stock for TFSA Income in 2020

### Description

A pullback in the stock market is finally giving dividend investors a chance to buy top-quality stocks at attractive prices with above-average dividend yields.

Let's take a look at **Bank of Nova Scotia** ([TSX:BNS](#)) ([NYSE:BNS](#)) to see if it might be an interesting pick right now.

### Growth

Canada's third-largest bank has a market capitalization of \$85 billion and continues to grow through strategic acquisitions.

Bank of Nova Scotia bought two wealth management firms in Canada last year in a move to boost its presence in the lucrative segment, and has since set up a new global wealth management division, suggesting that management intends to grow the business in the coming years.

Bank of Nova Scotia also spent US\$2.2 billion last year to double its market share in Chile to 14%. The purchase of a majority stake in BBVA Chile is part of a multi-year expansion into Latin America with a focus on Chile, Peru, Colombia, and Mexico.

The four countries are members of the Pacific Alliance trade bloc that is home to more than 230 million consumers.

Bank of Nova Scotia's international business is enjoying growth in loans and deposits that outpaces Canada. Roughly 30% of total profits come from operations outside of the home market.

### Value

The stock is down from \$84 per share in 2017 to below \$69 per share. At this price, the price-to-earnings multiple is at a level you would expect to see during a recession.

Global economic uncertainty is part of the reason for the pullback, and investors might also be waiting to see whether the big acquisitions made in the past couple of years will deliver the expected results.

The Canadian economy remains in good shape with strong employment levels, so the weakness in the stock might be overdone.

Bank of Nova Scotia remains very profitable, and the dividend should continue to grow at a steady rate. The current payout provides a yield of 5%.

## Risk

Analysts are starting to worry that the ongoing trade battle between China and the United States could eventually push the global economy into a steep decline.

That would be negative for Bank of Nova Scotia both at home and abroad, and an extended downturn could drive the stock to much lower levels.

## Should you buy?

Despite the broader economic uncertainty, income investors with a buy-and-hold strategy should consider adding the stock to their portfolios today and look to increase the position on additional weakness.

Bank of Nova Scotia has weathered every major economic storm over the past century should be able to navigate future ones.

At the current price the stock appears oversold. You get paid a rock-solid 5% yield and have a shot at some nice upside when the cycle turns.

## CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

## 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. Dividend Stocks
3. Investing

**Date**

2025/08/25

**Date Created**

2019/08/14

**Author**

aswalker

default watermark

default watermark