



## Add This Defensive Bank to Your Portfolio for 2020

### Description

Canada's big banks remain attractive long-term options for nearly any well-balanced portfolio. Apart from the stable nature of Canada's financial system, the big banks are diversified into various markets around the world, making them international investment options worthy of consideration.

**Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)) has long been viewed as Canada's most international bank, owing to its sprawling portfolio of international holdings. That title has recently come into question, as the bank made several announcements over the past few months to reduce that international footprint.

### What makes Bank of Nova Scotia so international?

To answer that question, let's take a moment to talk about the Pacific Alliance. That's the name given to a trade bloc that consists of the nations of Mexico, Chile, Columbia, and Peru. Together, those four nations are working towards eliminating all tariffs and fostering better trade relations. When Bank of Nova Scotia began operations in each of those nations, it effectively became the preferred bank of the trade bloc.

Strong growth and long-term potential also led Bank of Nova Scotia to seek out acquisition targets within the region, such as BBVA Chile, which, upon acquisition, made Bank of Nova Scotia one of the largest lenders in Chile.

Bank of Nova Scotia's focus on the Pacific Alliance has also meant that the bank has backed away from other international markets. By way of example, in the most recent quarter Bank of Nova Scotia announced that it was divesting its operations in both Puerto Rico and the U.S. Virgin Islands as well as reducing its investment in Thailand.

That level of diversification into growing markets furthers Bank of Nova Scotia's appeal as a [defensive investment](#), particularly as there are increasing signs of a market slowdown emerging over the next year.

## Quarterly results

In the most recent quarter, Bank of Nova Scotia reported an adjusted net income of \$2,455 million, representing a gain of \$196 million over the same period last year. On a per-share basis, the bank earned \$1.88 per adjusted diluted share, beating the same period last year by \$0.12 per share.

Despite announcing its new smaller international footprint, Bank of Nova Scotia's international segment still managed to provide double-digit earnings growth with the Pacific Alliance nations leading the charge. Adjusted net income from the international segment came in at \$815 million, up 14% over the same period last year. Higher interest rates and loan growth across the region were primary drivers in that growth.

That's not to say that the Canadian banking segment didn't have a good quarter. Net income of \$1,160 from the segment reflected a solid 3% gain over the same period last year, fueled by deposits and solid asset growth.

The strong results also led to the bank hiking its quarterly dividend a further 3%, resulting in an attractive yield of 4.75%, handily making it an attractive option for income-seeking investors.

## Final thoughts

In my opinion, Bank of Nova Scotia remains a [strong long-term option](#) for nearly any portfolio. Apart from offering investors an attractive dividend, the bank has a well-diversified portfolio of investments that, unlike its big bank peers, is not fully reliant on the increasingly volatile U.S. market.

### CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

### POST TAG

1. Editor's Choice

### TICKERS GLOBAL

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

### PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

## Category

1. Bank Stocks
2. Dividend Stocks
3. Investing

## Tags

1. Editor's Choice

## Date

2025/08/19

## Date Created

2019/10/21

## Author

dafxentiou

default watermark

default watermark