



Want Decades of Growth? Bank on This Stock

Description

Canada's Big Six banks make excellent long-term investments. There are plenty of reasons for that view, ranging from the handsome dividends they offer to Canada's stable financial sector. Fortunately, this unprecedented market has exposed an opportunity to buy into the Big Banks at steep discounts. Those steep discounts can mean unprecedented decades of growth.

Today let's take a moment to talk about **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#))

Why invest in Scotiabank?

Bank of Nova Scotia is neither the largest nor the most well-known of Canada's Big Banks. Scotiabank does, however, offer several compelling reasons why this is the bank you should invest in for decades of growth.

First, let's talk about growth. As large as Canada is, the market is well saturated across all of the nation's Big Banks, which means foreign markets will provide the bulk of growth opportunities going forward. For most of Scotiabank's peers, that prime foreign market was the U.S. In the case of Scotiabank however, that growth opportunity comes from the Latin American nations of Mexico, Columbia, Peru, and Chile.

Collectively, the four nations comprise the Pacific Alliance. The Alliance is a trade bloc tasked with bolstering trade and eliminating tariffs between its members. The bloc has proven so successful that other nations have expressed an interest in joining the bloc. Again, think of that long-term growth potential.

So how exactly does this benefit Scotiabank? The bank brilliantly expanded into each of those member-markets, establishing a solid branch network. In doing so, Scotiabank has become a familiar face for businesses operating in those countries, leading to years of strong growth and putting Scotiabank in an enviable position when speaking of diversification over its peers.

In terms of financials, Scotiabank is set to announce results for the second quarter of fiscal 2020

tomorrow. The global pandemic will likely be a key factor in those results, but overall long-term prospects remain strong.

In the prior quarter, Scotiabank earned \$2,344 million, or \$1.83 per diluted share on an adjusted basis. That was a noted improvement over the \$2,291 million, or \$1.75 per diluted share reported in the same period last year.

On a segment basis, Scotiabank's international segment earned \$699 million during the quarter. The Canadian segment also witnessed a strong quarter, earning \$908 million. In short, both offer a compelling case for long-term growth potential.

More than growth – earn income too

Scotiabank's impressive foray into Latin America helps diversify itself over its U.S.-focused peers. This is an often-overlooked advantage when considering which of Canada's Big Banks to invest in.

Another point that needs to be mentioned is Scotiabank's [dividend](#). Bank of Nova Scotia offers an attractive quarterly dividend, which currently carries a whopping 7.05% yield — an impressive payout puts Scotiabank near the top of the pack among Canada's Big Banks.

Adding to that appeal is the fact that Scotiabank has offered investors a string of solid annual or better hikes. That string of annual hikes goes back years, and Scotiabank has impressively paid a dividend since 1832. In other words, this is a solid option for income-seeking investors too.

Final thoughts

No investment is without risk. The global COVID-19 pandemic has wreaked havoc on nearly all aspects of the market. In the case of Scotiabank, the market crash has brought the stock price down to levels not seen witnessed since 2012. Year-to-date that works out to just shy of a 30% haircut, which helps explain that attractive yield.

For those investors with a tolerance for risk, Bank of Nova Scotia is hard to ignore right now. The bank offers both growth and [income-earning potential](#), in addition to being significantly more diversified than its peers.

In short, buy it, hold it, and watch your portfolio see decades of growth.

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dafxentiou

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