



My Big Five Bank for the Rest of 2020

Description

Canada's Big Banks are some of the best long-term investments on the market. There's a good reason for that view too. Canada's banks, particularly the Big Five, are huge with operations across the country and spanning into multiple foreign markets. Canada's Banks are also well regulated, providing investors with some stability.

This is a key difference when comparing the Big Five with their similarly-sized peers in the U.S. market. Finally, the Big Banks provide an appetizing dividend to investors that are in many cases some of the best income-producers on the market. But which Big Bank is worthy of an investment?

Looking toward the second half of 2020, **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)) should be a solid pick for nearly any portfolio.

A Big Five Bank that is NOT U.S.-focused

Most, but not all of Canada's Big Five banks are focused on expanding into the U.S. market. Bank of Nova Scotia is a leader in this regard, having chosen (wisely) to direct expansion efforts toward Latin America. The nations of Mexico, Peru, Columbia, and Chile together comprise the trade bloc known as the Pacific Alliance.

The overall goal of the alliance was to bolster trade relations between its members while eliminating tariffs. As an international bank with a sizable branch network in each country, Bank of Nova Scotia has emerged as the familiar bank for the trade bloc.

Bank of Nova Scotia even expanded further into the member states of Peru, Columbia, and Chile, acquiring smaller banks to further bolster its footprint. In the case of Chile, the 2018 acquisition of BBVA positioned Bank of Nova Scotia as one of the largest banks in the Chilean market.

The strong presence in Latin America has bolstered Bank of Nova Scotia's earnings, while also providing some diversification outside of Canada.

In terms of results, Bank of Nova Scotia reported less than stellar financials in the most recent quarter. Specifically, the bank saw net income come in at \$1,324 million, far below the \$2,259 million reported in the same period last year. Not surprisingly, the COVID-19 pandemic was attributed to that drastic change in results, which was felt by all of the Big Five.

Want income? Bank of Nova has you covered

One of the main reasons why investors flock to Canada's Big Banks is the [impressive dividend](#) that they offer. In recent years Bank of Nova Scotia has emerged as [one of the leaders](#) on that front. The bank currently offers a very appetizing 6.43% yield, which should excite income-seeking investors.

Further to this, the Bank of Nova Scotia has an established history in paying out dividends. The bank has never missed a payment and has been rewarding shareholders on a quarterly basis since 1833.

That impressive record extends to providing annual or better bumps to that dividend. Looking back, Bank of Nova Scotia has provided upticks to the dividend for decades.

Bank of Nova Scotia now trades at an over 20% discount over its pre-pandemic price. This represents an incredible opportunity for growth and income-seekers alike.

In my opinion, Bank of Nova Scotia remains a stellar long-term pick among Canada's Big Five banks and should be a core holding in every portfolio.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
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