This Canadian Bank Near 52-Week Lows Is Ready to Skyrocket

Description

Canadian stocks haven't participated in the recent relief rally to the same extent as their peers south of the border. A major reason is the **TSX Index** is light on tech stocks and heavy on industries that are still feeling immense pain from the COVID-19 impact.

We're talking about lagging industries such as the financials, materials, energy, telecoms, and real estate. As we head into the latter part of 2020, there's a real chance that the first-half winners could become the second-half losers. And the first-half laggards may see their fortunes begin to change for the better as we inch closer to the advent of an effective COVID-19 vaccine.

COVID-hit stocks worthy of a spot in your portfolio — just strike the right balance!

Now, I'm not suggesting that you overweight your portfolio in COVID-hit stocks, as we're still not yet out of the woods with this pandemic, even though the **NASDAQ 100** would suggest otherwise. If you are overexposed to the first-half winners and have neglected the stocks hit hardest from the COVID-19 impact, though, it makes a tonne of sense to look to scoop up some of the dogs as they could end up howling loudest over the next year and beyond, especially on the advent of a coronavirus vaccine.

The following stocks have steady balance sheets and somewhat decent operating cash flow streams, making them not at risk of insolvency should if this crisis worsens. So, without further ado, consider the following beaten-up stock if you're looking to rebalance your barbell portfolio to prepare for what the next year has in store.

Scotiabank under pressure

Consider Canada's international banking giant **Scotiabank** (TSX:BNS)(NYSE:BNS), which has been in a tailspin for nearly three years now. Shares of Scotiabank are currently down 34% from their all-time highs. While the stock is still well above (around 20%) above its 52-week lows hit back in the first half, I'd say now is a good a time as any to back up the truck on the name while its valuation is close to the cheapest it's been in recent memory.

The Canadian banks are under an unfathomable amount of pressure to this day. Those with greater shares to the high-risk/high-reward emerging markets have been dealt a more severe punishment of late.

If you're an investor who can look past the intermediate-term headwinds to the longer-term fundamentals, though, it becomes more apparent that BNS stock is a steal at these depths, especially if the COVID-19 pandemic can be effectively contained or eliminated at some point over the next few years.

Shares trade at just 1.1 times book value and sport a bountiful 6.4% yield. If you've got a stomach for volatility and an appetite for income, the stock is worthy of scooping up now before the bank can show more evidence of healing from this unprecedented crisis.

Foolish takeaway

The headwinds facing Canada's banks aren't going to last forever. Given Scotiabank's exposure to the hard-hit emerging markets, the bank certainly isn't the timeliest name to own if you're bullish on a recovery for the broader financials.

However, with shares trading at nearly book value alongside a safe and bountiful 6.4% yield, I'd say shares represent one of the cheapest ways for income investors to give themselves a quarterly raise.

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