



2 Stocks to Buy in September

Description

As I have [mentioned previously](#), certain sectors tend to outperform others during different parts of the year. The reasons for why this occurs can be debated, but what can't be is historical performance. While past performance is no guarantee of future results, it is the best information we have to work with. Because of this, it would be wise to turn to the sector that has been the bona fide leader during the fall months. This is the financial sector.

The leader in an emerging market

This first company is my favourite among the banks in Canada. **The Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)) provides investors with very high growth potential and a respectable dividend history. These two characteristics make this the best investment in the financial sector, in my opinion.

The growth potential in this company comes from its strong position within the Pacific Alliance. This is a region in Latin America composed of Chile, Columbia, Mexico, and Peru. Households in this region have traditionally been underbanked compared to households within Canada and the United States. However, analysts believe that this region is [capable of outgrowing](#) Canada and the United States in the coming years.

Over the past five years, the Bank of Nova Scotia has continued to post increasing revenue. This largely comes from the outstanding growth observed in its Pacific Alliance arm of operations. The stock has been unfairly hit by the recent market crash. At its lowest, Bank of Nova Scotia stock fell over 37%.

It is known that the financial sector is one of the best places to invest at the start of an economic rebound, after a crash. Because of this, I would place more emphasis on considering this company.

Superior dividend growth

Canadians are known for their love of dividend-paying companies. This strong investment preference is reflected in the services that The Motley Fool offers (see Dividend Investor service). Because of this,

the second company I would suggest investors look into for the month of September be **Canadian Western Bank** ([TSX:CWB](#)).

Canadian Western currently has the fourth-longest active dividend growth streak in the country. At 28 consecutive years of dividend growth, it is also the longest among the companies within the financial sector. Currently, the company has an attractive forward dividend yield of 4.85%. Its payout ratio of 37.46% is quite low and suggests that the company will be able to continue growing its dividend in the future.

Past its superior dividend distribution, the company seems poised for growth within the country. As its name suggests, Canadian Western has a more prominent presence in the western provinces. As of its latest earnings report, 73% of its clients (by revenue) reside in either British Columbia, Alberta, or Saskatchewan. The company has mentioned growth in Ontario as its next goal. If it is able to do this successfully, we may see a dramatic rise in the company's stock.

Foolish takeaway

The financial sector has historically outperformed its peers during the fall months. This sector has also been shown to outperform during the beginning of an economic recovery, after a market crash. Because of these two factors, investors should turn to the banking industry this month. The Bank of Nova Scotia and Canadian Western Bank are two companies that provide great growth opportunities and a strong dividend.

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TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. TSX:BNS (Bank Of Nova Scotia)
3. TSX:CWB (Canadian Western Bank)

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Date

2025/07/02

Date Created

2020/08/31

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