



This Is the 1 Bank to Buy Now

Description

Canada's big banks are key holdings for any well-balanced portfolio. The banks are alike in many ways, and this often causes confusion among investors. So, which big bank should you add to your portfolio? Today that honour goes to **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)). Bank of Nova Scotia is neither the largest nor most well-known of the big banks, but it is *the* bank to buy right now.

Let's talk results

So, how exactly is Sociabank doing? The bank reported results for the third quarter of 2020 back on August 25. During that quarter, adjusted net income came in at \$1,308 million, or \$1.04 per share. To put that into perspective, those numbers are down 47% and 45%, respectively, over the same period last year.

Loan-loss provisions stemming from the COVID-19 pandemic were primarily attributed to that massive shift. While the impact was felt across all business units, Scotiabank's international segment was hit particularly hard. The segment is focused primarily on the Latin American nations of Columbia, Chile, Peru, and Mexico.

The Latin American market was severely impacted by the COVID-19 pandemic. In the most recent quarter, the international segment reported just \$4 million in adjusted net income. By way of comparison, in the same quarter last year, the segment reported \$883 million in income.

As dismal as those results sound, it's worth noting that Bank of Nova Scotia wasn't alone in reporting underwhelming results this past quarter. In fact, all of Canada's [big banks](#) saw a significant reduction in the quarter.

Is there an opportunity for investors?

In a word, yes. There are three key factors that make Bank of Nova Scotia a screaming buy.

First, there's the international segment that I mentioned earlier. The four nations that Bank of Nova Scotia invested in are members of a trade bloc known as the Pacific Alliance. The Pacific Alliance is focused on eliminating tariffs and increasing trade between its members. As Bank of Nova expanded throughout the region, the bank became a familiar face across the bloc. That familiarity drove further growth into key markets in the bloc, where Bank of Nova Scotia is now regarded as one of the largest banks in the region.

This, in turn, leads to the strong long-term growth potential that was evident prior to the pandemic, which will likely resume once the market returns to growth.

Second, let's talk about the current stock price. The pandemic wreaked havoc on all markets. Bank of Nova Scotia saw steep declines in March, but unlike most of its peers, it has yet to claw back most of those losses. In fact, year to date, the bank is still down over 20%.

What does this mean for investors? To put that opportunity into perspective, let's consider a \$2,000 investment. Back in January, that investment would have purchased 27 shares of Scotiabank. Today, making that same investment would translate into 36 shares.

Finally, there's Bank of Nova Scotia's dividend. The bank currently offers a quarterly dividend with an appetizing 6.51% yield. That [incredible yield](#) places the bank above all of its peers. This is particularly appealing for long-term investors that are looking for growth, as reinvested dividends will quickly add up to new shares.

The bank to buy

Bank of Nova Scotia is a great long-term investment. Not only does the bank offer a well-diversified approach to growth, but it offers an appetizing dividend. In short, Bank of Nova Scotia is a buy-and-forget stock and the perfect bank to buy for any portfolio.

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