



Have You Bought This Bank Stock yet?

Description

Canada's Big Banks are some of the best long-term investments on the market. There are plenty of reasons for that view, including dividends, growth prospects, and their defensive appeal. But which bank stock would make a superb holding in your portfolio?

Let's take a moment to talk about **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)) and why this could be the perfect bank stock for your portfolio (and the perfect time to buy it too).

What makes the Bank of Nova Scotia different?

Canada's Big Banks are similar in many regards. All of them offer attractive quarterly dividends. When it comes time for earnings, they typically all post favourable earnings. The banks even report their earnings within a reasonable time-frame of one another. The Big Banks also boast impressive branch networks within Canada and have expanded internationally.

That international presence is a unique factor of Bank of Nova Scotia worth expanding on.

Unlike its peers that opted to expand primarily into the U.S. market, Bank of Nova Scotia opted for a presence in Latin America. Specifically, the bank targeted the markets of Columbia, Chile, Mexico, and Peru. Collectively, these four nations are part of a trade bloc known as the Pacific Alliance. The Alliance is tasked with bolstering trade and eliminating tariffs between member states.

When the Bank of Nova Scotia established a visible branch network in each of those nations, it took a step toward becoming the preferred lender within the bloc. That led the bank to further expand into the region, becoming one of the largest banks within those markets, which also led to Bank of Nova Scotia posting a series of impressive quarterly earnings reports.

Short-term pain, long-term gains

Unfortunately, when the pandemic started, the Bank of Nova Scotia, like all other businesses, felt the

impact of COVID-19 through closures. Bank of Nova Scotia's reopening lagged its peers, noted in the Q3 quarterly earnings update.

In that quarter, the Bank of Nova Scotia reported earnings of \$1.03 per diluted share, which was a 31% drop in earnings. The dip was expected across all of the bank's segments, but mostly in the international segment. Income there dropped 96% over the prior period.

Latin America's later exposure to COVID-19 was the primary driver for the drop. Closures in those markets lagged behind those in North America and Europe. In other words, markets in Latin America remained closed while the U.S. and Canada (where Bank of Nova Scotia's peers are focused on) were already reopening.

In the months since that last quarterly update, those markets have begun to reopen and subsequent quarterly updates from the bank should be more positive. Q4 earnings will be announced next week.

My favourite bank stock could be yours too

Bank of Nova Scotia is a solid investment. The bank is a well-diversified [setup for growth](#) and offers one of the best dividends on the market. As well, in the past month, the stock has also soared over 12%, thereby outperforming the market. As impressive as that rally sounds, this unique bank stock is still down by the double digits in 2020.

In short, the Bank of Nova Scotia is a [perfect buy-and-forget](#) bank stock for long-term investors.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. TSX:BNS (Bank Of Nova Scotia)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Bank Stocks
2. Dividend Stocks

3. Investing

Date

2025/07/08

Date Created

2020/11/25

Author

dafxentiou

default watermark

default watermark