



Bank of Nova Scotia (TSX:BNS): A Wonderful Dividend Stock for Canadians

Description

The growth-to-value rotation has been quite vicious to those beginner investors who weren't properly diversified and devastating to those who followed the script of [chasing momentum](#) with zero consideration for the fundamentals. While I don't think we're in for a repeat of the 2000 tech bubble or a similar stock market crash, I do think the lessons of this latest rotation should stick with beginners for the rest of their investment careers.

Never neglect the valuation process, especially when others tout that there's some sort of paradigm shift! Lower bond yields did call for higher multiples on stocks, especially the growthiest ones. But now that bond yields are surging, it no longer makes sense to neglect value by chasing the hottest stocks out there.

Charlie Munger may not be a fan of diversification, but it's still a must for beginners

Warren Buffett's right-hand man Charlie Munger a big fan of diversification. In fact, he called it "di-worsification" in a recent sitdown at the *Daily Journal's* annual meeting. For people like Munger who put in a ridiculous amount of due diligence, then sure, it doesn't make sense to over-diversify yourself with less-than-stellar opportunities.

For beginner investors who are new to the game, however, diversification is vital. It can help to reduce the pain to be had from such sector-based sell-offs like the one suffered in the technology sector over the past few weeks.

It's never too late to diversify

In this piece, we'll have a look at one value stock that can help further [diversify](#) your portfolio, as you look to steer away from technology or higher-growth stocks that'll be punished most severely if bond yields continue rising.

Now, I'm not saying you should sell all your growth plays, especially if you're young and can handle the volatility. Rather, I'm urging beginners also to consider supplementing their portfolios with "Steady Eddies" that can act as shock absorbers for one's portfolio once momentum reverses.

Without further ado, consider **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)), a top value stock likely to be little rattled if this growth-driven sell-off accelerates into the second quarter.

Bank of Nova Scotia

If you think you think an inflation spike and rising bond yields suggest we'll be propelled into a rising interest rate environment sooner than expected, Canadian bank stocks could prove to be still undervalued here, despite their recent run.

Bank of Nova Scotia is seen as Canada's most international bank for its exposure in faster-growing emerging markets. As you may know, higher growth can come with greater downside risks.

Banking and emerging markets were two of the worst places to be invested in last year, making Bank of Nova Scotia stock a tough buy. With the pandemic's end in sight, though, Canada's most international could have some serious room to run. With BNS stock, you'll get a handsome dividend (4.7% yield) and at a modest discount alongside medium-term upside, as the bank heals from the crisis and net interest margins (NIMs) start to expand over the next five years and beyond.

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