



## Where to Drop an Extra \$5,000 Today

### Description

The first half of 2021 is proving to be quite different from the dismal pandemic-focused market volatility we saw in much of 2020. So far, the market is on a tear, showing handsome gains in double-digit territory. To be clear, that volatility hasn't disappeared. Rather, it's just that now be a good time to make investments for long-term gains. If I had an extra \$5,000 today, that investment would go toward **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)).

### What makes Scotiabank a good long-term pick?

Picking one or more of Canada's big banks for your portfolio can be a confusing task. One of the most common questions always comes down to what sets Scotiabank apart from its peers.

All of Scotiabank's peers offer an established domestic segment as well as an international segment focused on growth. The difference lies in *where* that international growth comes from. In the case of Scotiabank's peers, that growth is primarily focused on the U.S. market. This is a sound approach that has worked [incredibly well for some of those banks](#).

Scotiabank, however, opted to look further south for that expansion to Mexico, Columbia, Peru, and Chile. Those four nations are members of a trade block known as the Pacific Alliance. The Pacific Alliance is tasked with bolstering trade and eliminating tariffs between its members.

To say that the effort has been successful would be an understatement. Together, the four nations compose more than a third of all Latin American gross domestic product (GDP), in excess of US\$3 trillion. So how exactly does this trade bloc fuel Scotiabank's growth?

Bank of Nova Scotia has established (and growing) branch networks in all four member states. This has elevated the bank to become a familiar face across the bloc, drawing in considerable business. That business dropped off last year as the pandemic forced closures across the region.

Fortunately, as markets continue to re-open and the pandemic comes to an end, investors can expect Scotiabank's growth story to resume. This is in stark contrast to Scotiabank's U.S.-focused peers,

which saw a quicker rebound that outpaced Scotiabank.

In short, Scotiabank's current weakness when compared to its peers should be seen as an opportunity for long-term investors to buy now.

## An extra \$5,000 today can turn into much more in a decade

The impressive growth prospects that Scotiabank offers are just one reason why investors should consider the stock. [Income-seeking investors](#) will absolutely love that Scotiabank has paid out a handsome dividend for well over a century without fail.

In fact, Scotiabank's current 4.53% yield comes in as one of the highest payouts across the big banks. To put that another way, if you were to drop an extra \$5,000 today, that investment will earn a little over \$225 in the first year. With a larger \$30,000 investment as part of a well-diversified portfolio, investors could see an annual payout of over \$1,350.

Again, this is just in the first year alone. Factoring in both dividend hikes and reinvesting those earnings until needed could provide even higher income potential.

In other words, Scotiabank is a great long-term buy-and-forget candidate.

### 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)

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