



Here's a Perfect Buy-and-Forget Bank Stock

Description

Are you invested in any of Canada's big banks? The big banks are often regarded as [great long-term investment options](#). While that view is true, the bigger question is, which of Canada's big banks should you invest in? Is there one bank that is the perfect buy-and-forget bank stock for your portfolio?

Let's try to answer that by looking at **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)), which could be the bank stock your portfolio needs.

What makes Scotiabank unique?

One of the common questions that investors ask is to define what makes Scotiabank a better investment over its big bank peers? That's a fair question that can lead to some confusion. The big banks are alike in many ways. They all have an impressive domestic banking network, strong loan growth, and pay handsome dividends (more on that in a moment).

Then there's growth. Most of the big banks have prioritized the U.S. market as a primary driver for expansion. There's a good reason for that view. The U.S. market is similar in many ways to Canada and offers massive long-term growth potential.

Instead of following its peers, Scotiabank opted to focus its expansion efforts further south. The bank expanded heavily into the Latin American markets of Mexico, Columbia, Chile, and Peru. Those four nations are members of a trade bloc known as the Pacific Alliance. The Pacific Alliance is tasked with eliminating tariffs between its members and expanding trade.

Scotiabank's growing presence across the bloc has allowed the bank to become a familiar face for businesses in the region. In other words, as the Pacific Alliance met its objective of increased trade, Scotiabank came along for the ride.

By way of example, in the most recent quarter, Scotiabank's international segment reported an adjusted net income of \$429 million. This was a significant improvement over both the previous quarter (\$398 million) as well as the same quarter last year (\$197 million).

More on that juicy dividend

One of the main reasons why investors continue to flock to Bank of Nova Scotia is for the stellar dividend that it offers. The bank has been paying out a handsome dividend for a whopping 188 years without fail, making it the perfect buy-and-forget bank stock.

The current yield works out to an appetizing 4.39%, which is both stable and growing. That growth has averaged out to a CAGR of 6% over the past decade. In terms of income potential, at current rates, a \$30,000 investment in the Bank of Nova Scotia will earn you \$1,317 in the first year. Keep in mind that doesn't account for potential hikes.

Even better, investing those dividends until you actually need the income will yield even higher returns.

The perfect buy-and-forget bank stock

Scotiabank offers investors growth and income-earning potential that few other mature investments can match. Between the defensive domestic segment and the lucrative growth-producing international segment, the bank really does have [something for all investors](#).

In my opinion, Scotiabank is a great stock that should be core to any portfolio. Buy it and forget about it for a decade or more, and let that juicy dividend grow your portfolio.

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Date

2025/07/03

Date Created

2021/06/19

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