



Opportunity:1 Bank Stock, Big Profits, and Income

Description

Canada's big banks are [great long-term](#) investment options. They all offer a growing international network that is supported by strong domestic operations. They also offer juicy dividends that, in most cases, have been distributed to shareholders for over a century. But which of these big banks should you invest in? Which bank can provide big profits for your portfolio?

There are many banks, but only one with this potential

The big bank I want to talk about today is **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)). Bank of Nova Scotia is neither the largest or most well known of Canada's banks. It does, however, have a unique international segment that is filled with growth potential.

Unlike Scotiabank's peers that have placed focus on expanding into the U.S. market, Scotiabank has turned its focus to markets further south.

Specifically, the bank has placed an emphasis on the Latin American markets of Mexico, Chile, Columbia, and Peru. Those four nations are members of a trade bloc known as the Pacific Alliance. The alliance is charged with bolstering trade and reducing tariffs between its member states. Collectively, those nations boast a population of over 230 million and a combined GDP of over US\$1.8 trillion.

Now, envision the potential for a global bank that has an established branch network across all four of those member states. That's part of the immense potential and arguably big profits that Bank of Nova Scotia currently boasts.

But wait — there's more

Bank of Nova Scotia's investment into the Pacific Alliance nations has bolstered the company's results. The bank also boasts an element of diversification that is lacking from Canada's other big banks. Recall that Scotiabank's peers are more focused on U.S.-based expansion.

Don't get me wrong — the U.S. market is a great candidate for any bank to expand to. It's just that Scotiabank's move into Latin America has provided a viable offset from North America, which can be appealing for both growth and defensive investors.

Did someone say big profits?

Earlier this summer, Bank of Nova Scotia provided an update on the second fiscal quarter. In that quarter, the bank reported earnings of \$2,456 million, or \$1.88 per diluted share. By way of comparison, in the same quarter last year, the bank posted earnings of \$1,324 million, or \$1.00 per diluted share.

Scotiabank's international segment contributed \$420 million to that earnings number. When compared with the same quarter last year, the segment reported a whopping \$247 million, which was a 143% increase. As global markets continue to reopen, that figure will continue to grow, feeding the bank's juicy dividend.

Like its peers, Bank of Nova Scotia offers investors a handsome quarterly [dividend](#) that it has provided without fail for over a century. The current yield works out to an impressive 4.44%, making it one of the better-paying (and safest) yields on the market.

To put that earnings potential into context, a \$35,000 Scotiabank position in your TFSA will provide over \$1,500 income in the first year alone. Not ready to draw on that income yet? Reinvesting that juicy dividend and factoring in future growth will quickly boost your income-earning potential — big profits, big income, big time!

In my opinion, Bank of Nova Scotia is a superb long-term holding that should be part of every well-diversified portfolio. Buy it, hold it, and [let it grow](#).

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Author

dafxentiou

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