



5 Reasons to Buy Bank of Nova Scotia (TSX:BNS) Now

Description

How diversified is your portfolio? Canada's big banks are some of the [best long-term investment options](#) on the market. Including at least one of those banks in your portfolio is a great way to see strong growth and income earning potential. Incredibly, those are just two of many reasons to buy bank stocks. But which big bank should investors consider?

Let's try to answer that by looking at several reasons to buy **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)).

Reason #1: A strong domestic market

Like all of Canada's big banks, Scotiabank has a strong domestic branch network from which to forge ahead. That network provides a recurring source of revenue for the bank, and despite the saturation of the Canadian domestic market, continues to see steady growth.

For example, in the most recent quarter, Scotiabank reported earnings of \$2,542 million, or \$1.99 per diluted share. This surpassed the \$1,304 million, or \$1.04 per diluted share reported last year at the height of the pandemic closure.

Bank of Nova Scotia's domestic segment contributed \$1,083 million in the quarter, which was almost as much as the entire bank posted last year.

Reason #2: Emerging market appeal

Bank of Nova Scotia took a unique approach to global expansion. Rather than targeting the U.S. market like its peers, Scotiabank turned further south to the Latin American nations of Columbia, Chile, Peru, and Mexico.

Collectively, those four nations are part of a trade bloc known as the Pacific Alliance. The Alliance is tasked with improving trade and eliminating tariffs among its member states. But what does this mean

for Scotiabank? By establishing a branch networking within each member state of the trade bloc, Scotiabank has become a preferred and familiar lender within the region.

This had led to a significant double-digit bump to earnings prior to the pandemic, and a return to that growth (and an end to the pandemic itself) seems to be inching closer.

Reason #3: Riding the growth wave

Most people realize that the pandemic disrupted nearly every business on the planet. What most people are often dismissive of however is that the disruption was in waves across different regions. Specifically, when U.S. and Canadian markets were reopening last summer, Latin American markets were closing. This translated into weaker earnings from Scotiabank, at least until the reopening wave hit Latin America a quarter later.

This is just one reason why the stock lags its peers at the moment. As those markets reopen completely, expect Scotiabank to ride that wave higher. As of the time of writing, Scotiabank trades at an impressive P/E of just 10.94, rendering it an appealing option over its more expensive peers.

Reason #4: Strong income potential

Dividends remain one of the key reasons why investors flock to bank stocks. In the case of Scotiabank, [income-seeking investors](#) can take note of a few advantageous reasons to buy right now.

First, let's talk about history. Scotiabank has been rewarding shareholders with a solid [dividend](#) since 1833. That's an incredible 188-year history of payment without failure.

There's also the annual or better bump to that dividend that investors have come to expect. Those hikes were paused at the start of the pandemic, but most expect dividend hikes to resume later this year. When this happens investors can expect a healthy bump from the bank that is now awash in cash.

Reason #5: The buy-and-forget appeal

This final reason brings together all the reasons to buy noted above into a well-diversified, solid package. Individually, the aforementioned reasons would make any stock a compelling option to consider. Together, they showcase the real appeal of buying Scotiabank at this juncture.

In other words, Scotiabank is the perfect buy and forget stock for any well-diversified portfolio. Buy it, forget about it for a decade or more and let it grow into a major part of your retirement portfolio.

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