



This Bank Is Near its 52-Week High and Is Still a Solid Buy!

Description

Have you invested in Canada's big banks? If not, you may be missing out on some of the best long-term options on the market. The banks pay handsome dividends, are well diversified, and provide ample growth potential. But which of the big banks is worthy of an investment? There is one bank is near its 52-week high but is still seen as a solid buy.

Here's a look at why **Bank of Nova Scotia** ([TSX:BNS](#)) ([NYSE:BNS](#)) could be the ideal investment for your portfolio.

Meet Canada's most international bank

Scotiabank is frequently referred to as Canada's most international bank. There are several great reasons for that label. Apart from the fact that Scotiabank boasts over a century of international operations, there is a massive appeal. Today, Scotiabank has a presence in 50 countries around the globe.

Perhaps most impressive is Scotiabank's presence in Latin America. Specifically, I'm referring to the nations of Mexico, Columbia, Peru, and Chile. Collectively, those four nations are part of a trade bloc known as the Pacific Alliance.

The Pacific Alliance is tasked with fostering better trade relations between its members and eliminating tariffs. As an international bank with a growing presence in all four member states, Scotiabank has seen its earnings soar in recent years.

Apart from serving as a familiar investment face in the region, Scotiabank is leveraging what is otherwise a relatively untapped market. In fact, all of Scotiabank's peers have focused their international expansion efforts on the U.S. market.

By way of example, in the most recent quarter, the bank reported earnings of \$2,542 million, or \$1.99 per diluted share. This pales in comparison to the \$1,304 million, or \$1.04 per diluted share reported last year. Note that those figures from last year reflect the impact of pandemic-related closures.

Incredibly, the international segment saw even larger gains in the most recent quarter. In that quarter, the segment earned \$486 million, whereas in the same period last year, the international segment earned just \$53 million.

That drastic change in results for the international segment leads me to the next point of why Scotiabank is still a solid buy, even as it nears a 52-week high.

The impact of the pandemic

The pandemic impacted (and continues to impact) every country and business on the planet. That point is well known by investors, but there's a lesser-known fact about that impact. Specifically, those market closures occurred on a near regional basis. To illustrate that point, recall that when U.S. and Canadian businesses were beginning to re-open, Latin American markets were closing.

To put that another way, that recovery wave that both the U.S. and Canadian markets rode earlier this year is still making its way through other markets, including Latin America. Once those markets fully recover, investors can expect Scotiabank's earnings to soar further. That reopening wave is another reason why the other banks saw their stock prices recover this year quicker than Scotiabank.

In other words, despite that soaring stock price nearing the 52-week high, there's still plenty of potential for Scotiabank investors.

Income potential is there, too

Apart from boasting solid growth in the domestic and international segments, Scotiabank is a superb income option too. Why [settle](#) for growth alone when you can generate income too! The bank boasts a juicy quarterly dividend that carries a yield of 4.50%, which is higher than what its big bank peers currently offer.

That may be reason enough for some investors to consider investing, but there's one more point to note — dividend hikes.

Scotiabank, like its big bank peers, has offered investors healthy annual upticks to its dividend for years. That process came to a halt when the pandemic started last year, as banks were forced to halt increases and share buybacks.

Fortunately, those restrictions may soon be coming to a close, meaning that a healthy bump to that dividend may be forthcoming.

The 52-week high is just the beginning

No investment is without risk, and that includes Scotiabank. Fortunately, Canada's most international bank boasts a lucrative long-term growth plan in Latin America. The bank also offers the juiciest [dividend](#) across the big banks.

In my opinion, Scotiabank is a superb long-term investment that should be core to any [well-diversified portfolio](#).

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Date

2025/08/18

Date Created

2021/10/20

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