



Should You Buy Bank of Nova Scotia Stock?

Description

There are few **TSX**-listed stocks that are more popular than **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)). One of Canada's Big Five banks, it is one of the most well-known companies in the country. Bank of Nova Scotia is a component of the **S&P/TSX 60**, confirming its importance within Canada's economy. With that in mind, should you buy shares of Bank of Nova Scotia stock? I'll discuss this company more thoroughly in this article.

Looking at the company

In 2021, Bank of Nova Scotia was Canada's third-largest bank in terms of assets under management, revenue, and market cap. It operates under two brands: its namesake Scotiabank banner and Tangerine. What stands out about Bank of Nova Scotia is its vast reach within the financial space. Although it isn't Canada's largest bank, investors may be interested to know that it does operate the most branches within Canada. Furthermore, Bank of Nova Scotia seems to focus on international growth much more than its peers.

Unlike the other Big Five banks, Bank of Nova Scotia has committed a significant amount of its business towards international growth. According to its [2021 annual report](#), 32% of Bank of Nova Scotia's earnings come from sources outside of Canada. Nearly 20% of its 2021 earnings came from the Pacific Alliance. This is a region that includes the countries of Chile, Columbia, Mexico, and Peru. It's forecasted that a rapidly growing middle class will drive faster growth rates in those countries compared to growth in Canada over the coming years.

If Bank of Nova Scotia can ensure that its international ventures pan out, then it could see massive growth in the future. However, if its bets in countries outside Canada don't work out, then it could be a major hinderance on the company's growth moving forward.

How does its stock look?

Looking at Bank of Nova Scotia's stock price, investors will see an 11.6% gain over the past five years.

Although that sounds very low, investors should remember that Bank of Nova Scotia stock offers a very high dividend. This dividend isn't reflected in a company's stock chart. That means that Bank of Nova Scotia's total return is actually much higher.

When including dividends, Bank of Nova Scotia stock has returned about 44% over the past five years. That represents an average annual return of 7.6%. For comparison, the TSX has gained an average of about 6.9% per year over the same period. Although Bank of Nova Scotia's return isn't as high as you'd get from growth stocks, it does still manage to beat the market.

Bank of Nova Scotia's dividend

This stock is known as a Canadian [Dividend Aristocrat](#). This is because Bank of Nova Scotia has managed to increase its dividend for the past decade. Its most recent increase brought its quarterly dividend to \$1 per share. That signifies an 11% increase over last year's dividend. Bank of Nova Scotia has been paying shareholders a dividend for the past 189 years, so investors should be confident in this aspect of the stock's performance.

Foolish takeaway

Should you buy Bank of Nova Scotia stock? If you're looking for a stock that can generate double-digit returns over the long run, this stock likely isn't for you. However, if you're happy with a stock that can slightly beat the broader market, while paying you a solid dividend, then it's a no-brainer to buy shares of Bank of Nova Scotia stock today.

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