



This Big Bank Is a Superb Value Buy

Description

Canada's big banks are some of the [best long-term investments](#) on the market. While there are plenty of reasons to back that claim, prospective investors often struggle with which bank warrants an investment. Fortunately, there is one big bank that is a superb value buy, which should be part of every well-diversified portfolio.

That big bank is **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)).

What sets Bank of Nova Scotia apart from its peers?

It's not always easy to see a differentiating factor when it comes to Scotiabank. After all, the big banks do have a lot in common. They all operate (and do extremely well) in the domestic market. They are also all established players within the market with histories spanning back, in some cases, over a century. Outside Canada, they all have a growing international presence.

Finally, they all provide investors with a generous quarterly dividend that continues to see healthy annual bumps.

Where Scotiabank differs is with respect to international expansion. Unlike its peers, Scotiabank focused its international efforts not on the U.S. market, but further south to Latin America. Specifically, Scotiabank established operations and a sizable branch network in Mexico, Columbia, Chile, and Peru.

Those four nations are part of a trade block that is known as the Pacific Alliance. The Alliance is charged with bolstering trade between its members, and, by extension, eliminating tariffs.

As Scotiabank developed its branch network within the alliance member states, the bank became a preferred lender within the region. That expansion has paid off significantly during the earnings season.

By way of example, in the most recent quarter, Scotiabank earned \$2,740 million, or \$2.14 per diluted share. This represents a solid increase over the \$2,398 million, or \$1.86 per diluted share, posted in the same period last year.

The international segment earned \$545 million in the quarter, reflecting an increase of \$156 million over the same period last year.

That's not to say that the domestic segment didn't perform well either. The Canadian banking unit reported earnings of \$1,201 million in the most recent quarter, showcasing a \$300 million improvement over the prior year.

Between both its domestic and international segments, it's hard not to see Scotiabank as a superb value buy for any portfolio.

What does this mean for investors?

In short, it means that Scotiabank is a superb value buy for long-term investors. Solid growth from those international markets will continue for several years. This is important because it offsets any potential risk from the domestic market as well as the U.S. market, which Scotiabank's peers are heavily invested into.

Let's also take a moment to talk about dividends. Scotiabank offers investors a tasty quarterly dividend that currently has a yield of 4.79%. It's worth noting that Scotiabank's yield is the highest among its peers. To put some context around that yield, let's consider a \$30,000 investment, which translates into a first-year income of \$1,437.

When you factor in growth and Scotiabank hiking its dividend, that number could grow further. Even better: investors not ready to draw on that income yet can reinvest those earnings until needed.

Bank of Nova Scotia is a superb value buy

No investment is really without some risk. Fortunately, Scotiabank is a leader in a mature market at home and steadily becoming a major player in international markets. To put it another way, Scotiabank can provide a defensive core that is wrapped with long-term growth prospects.

In my opinion, Scotiabank should be part of every [well-diversified portfolio](#).

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Date

2025/06/29

Date Created

2022/04/27

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