Need $500 Right Now? Buy This Value Stock That's Down 14%

Description

There are so many value stocks that offer a major deal for Motley Fool investors. There's a large group of **TSX** stocks that will always do well. And each of these value stocks are down on the TSX today.

But of all of them, there's one that's down the most. As of writing, this value stock is down 14% year to date. And if you're looking for some extra cash, which we all are, then it could be the easiest means of getting it to your pocket.

Scotiabank

The Big Six banks could all be considered in value stock territory right now. Each trades at an incredibly low price-to-earnings ratio and has stellar performance over the last few decades. That includes during recessions, where provisions for loans losses have allowed each to come back to pre-fall prices within a year.

That includes **Bank of Nova Scotia** (TSX:BNS)(NYSE:BNS), perhaps better known as Scotiabank. During the March 2020 crash, the $89 billion stock dropped and came back to pre-crash prices in 11 months. During the Great Recession, it took almost exactly a year to reach the 52-week highs enjoyed in 2008.

Now, we've seen shares drop by 14% year to date. But that fall is even bigger when we look at 52-week highs. In that case, shares are down about 20% from heights we saw back in February. This is about when the news interest rates were set to rise hit airwaves. During the Great Recession, shares fell a total of almost 50% before starting to climb back.

While it's unlikely we'll see a drop that severe, according to economists, there could still be a bit of a drop for Scotiabank. Even still, it's a value stock I would certainly consider to lock in cash on the TSX today.

What a history!

Scotiabank has been around since 1832. That's almost 200 years for Motley Fool investors to look back on. That's quite the history and shows that the company could be around for at least decades more, if not hundreds of years more.

That history provides you with one thing: stability. So, whatever cash you put into Scotiabank, you're almost guaranteed to get it back. In fact, in just the last 20 years, Scotiabank shares have climbed 616%. That's a compound annual growth rate (CAGR) of 10.33%.

On top of that is the dividend. Because while it'd be nice to guarantee share growth, we can't. What *can* practically be guaranteed is dividend growth. Scotiabank currently offers a yield of 5.47%, or $4.12 per share annually. That dividend has grown at a CAGR of 5.79%.

A steal of a deal

Now, for the best part. Sure, shares are down, but that doesn't mean anything if the company doesn't have the fundamentals to prove it's a value stock. But Scotiabank sure does. The Big Six bank trades at 9.05 times earnings and 1.33 times book value. Analysts give it a price target of $90.68 — a current potential upside of 21% as of writing.

So, this all means Motley Fool investors can lock in a deal with this value stock and latch on to a mega high dividend yield. And let's say you want to create $500 right now in passive income. That would take an investment of $9,072 annually, or $36,291 quarterly. Compared to 52-week highs, this is a steal, when it would have cost you $11,529 and $46,116, respectively.

If you're looking for cash, this is certainly the Big Six value stock I would hook up with on the TSX today. You can look forward to more income for decades to come — all for an incredible price.

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