



This High-Yield Dividend Stock is a No-Brainer

Description

As 2022 winds down, there are plenty of reasons to take a moment and re-examine your portfolio. After a year of extreme volatility, many opportunities have emerged – including this high-yield dividend stock.

Don't underestimate the need for a good dividend stock

One of the first things to note is that [dividend stocks](#) aren't just for retirees looking to draw an income. Many dividend stocks offer a recurring income stream that is both stable and growing. And those investors who aren't ready to draw on that income can reinvest those dividends, letting them grow on their own until needed.

So then, what is that high-yield dividend stock for your portfolio?

The stock (even for existing investors looking to increase their positions) is **Bank of Nova Scotia** ([TSX:BNS](#)).

What does Scotiabank offer investors?

Scotiabank is neither the largest nor most well-known of Canada's big banks. Fortunately, what it does offer investors is a healthy bottom line, plenty of growth potential, and the most attractive yield among its peers.

That healthy bottom line stems from Scotiabank's impressive domestic banking segment. During fiscal 2022, the segment generated adjusted earnings of \$4.8 billion, reflecting an impressive 15% year-over-year improvement.

Focusing on the most recent quarter, Scotiabank posted a net income of \$2.1 billion. This reflects a significant decrease over the \$2.6 billion reported in the same period last year. Those results also helped to push Scotiabank's stock lower.

As of the time of writing, the bank is down 27% year to date, making it an intriguing time to buy, particularly when you look at Scotiabank's dividend and immense growth potential.

More on that growth potential

Scotiabank is like its big bank siblings in many ways, save for when it comes to expansion. Unlike its peers that opted to expand into the lucrative U.S. market, Scotiabank looked further south to Latin America.

Specifically, Scotiabank established branch networks in Mexico, Chile, Columbia, and Peru. Those four nations are party to the Pacific Alliance – a trade bloc that seeks to eliminate tariffs and increase trade between its members.

The fact that Scotiabank is a recognizable brand across the region has led to the bank becoming a preferred lender across the region. That familiarity has also bolstered Scotiabank's earnings from the region.

By way of example, in the most recent quarter, the international segment posted adjusted earnings of \$2.5 billion. This represents an incredible 32% year over year, and much of that growth was from strong loan growth for both commercial and residential mortgages.

Apart from the growth potential from the region, Scotiabank's expansion into the region can be seen as a unique means to diversify outside of the Canadian and American markets. Keep in mind that developed markets like Canada and the U.S. tend to grow at slower paces over the developing markets in the Pacific Alliance.

And Scotiabank will be along for that high-growth ride. That's something the bank's peers can offer investors. It will also help Scotiabank to continue offering (and hiking) its stellar dividend.

Did someone say dividends?

Growth is good, but that alone doesn't make Scotiabank a great high-yield dividend stock. Fortunately, even when it comes to dividends, Scotiabank continues to impress.

Few investors may realize this, but Scotiabank has been paying out dividends for nearly two centuries without fail. That's not all – the bank has provided an annual uptick to investors nearly every year without fail for over four decades.

Let that sink in – rather *compound* for a moment.

Today that dividend is the best among its peers, with an attractive 6.31% yield. To put that into context, a \$40,000 investment will earn over \$2,500 in just the first year. If you reinvest that until needed, that number will grow significantly.

Is Scotiabank the high-yield dividend stock for your portfolio?

No stock is without some risk, and that includes Scotiabank. Fortunately, Scotiabank's revenue stream has defensive appeal and significant growth potential.

Throw in the highest yield among its big bank peers and a discounted share price and you have one of the best long-term high-yield dividend stocks on the market.

In other words, buy it, hold it, and watch it build a juicy income stream for your retirement.

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