



## The 3-Stock Sleep-Well Portfolio

### Description

Let's face it. Canada has a lot of companies that can swing very wildly. When times are good, these companies do extremely well. But when times are bad, investors can face steep losses.

If you're like me, this is not ideal. But there are some companies in this country that are very resilient, even when economic conditions aren't in our favour. And by owning stocks like these, hopefully we can rest a little more easily. Below we look at three examples.

#### 1. Canadian National Railway

If you're looking for stability, look no further than **Canadian National Railway** ([TSX: CNR](#))([NYSE: CNI](#)). The company operates in an industry with very limited competition and insurmountable barriers to entry. So there's little to no threat of competition driving down prices.

Canadian National has other advantages. For one, it's North America's most efficient railroad. To illustrate, last year expenses were only 63.4% of revenues, the lowest figure in the industry. Secondly, Canadian National has the best track network of any operator, the only one that reaches all three coasts (West Coast, East Coast, and Gulf Coast).

It's true that the rails can face decreased business when the economy suffers. But CN is on such strong footing that it should bounce back from any down cycle. So you can hold onto the shares without worry.

#### 2. Metro

Food retailing is also a very stable industry, and this should make perfect sense – even if the economy is struggling, we still have to eat. And in Canada, the established players have the best real estate locked up, making life very difficult for new entrants like **Target**.

**Metro** ([TSX: MRU](#)) has been Canada's best-performing grocer over the past 20 years – over this time, the company's return on equity has never been below 14%, even during the economic crisis.

There have been plenty of stories about the ‘Grocery Wars’ eating into the profitability of companies like Metro. But make no mistake: this is still a solid player in a solid industry. And its shareholders should have no problem sleeping at night.

### 3. Agrium

Like Metro, **Agrium** (TSX: AGU)(NYSE: AGU) should be a relatively safe holding as long as we all need to eat. The company sells soil nutrients and also operates a vast agriculture retail network in Canada and abroad.

Agrium’s stock has lagged the index recently, down 7% over the past 16 months. But this is still a very well-run company in a stable sector. Investors should feel very secure holding the shares.

### CATEGORY

1. Investing

### TICKERS GLOBAL

1. NYSE:CNI (Canadian National Railway Company)
2. TSX:CNR (Canadian National Railway Company)
3. TSX:MRU (Metro Inc.)

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