3 Buy-and-Forget Stocks for Your Portfolio: Fortis, Canadian National Railway, and Canadian Tire

Description

If you're managing your own stock portfolio, it can be very tempting to trade too often. But frequent trading is one of the biggest reasons why individual investors tend to underperform the index over the long run.

Instead, you should be looking for companies that you can hold for a long time, without having to worry about its business model eroding. And if you're patient, the odds will eventually be in your favour. Below are three such companies.

1. Fortis

If you're looking for stability, look no further than Canada's largest investor-owned distribution utility, **Fortis** (TSX: FTS). The company has raised its dividend every year for over four decades, a remarkable achievement for any company. Of course it helps to sell a necessity like electricity, which people need even when the economy is faring poorly.

Fortis shares have not performed particularly well over the past 12 months, returning only 2.3%. Because of this, its dividend now yields a healthy 3.9%, a fantastic number for such a strong company.

2. Canadian National Railway

When investing, you should always be looking for companies with a sustainable competitive advantage. After all, if a company is able to fend off competitors, then that makes its long-term outlook far more secure. And few companies are more immune to competition than **Canadian National Railway** (TSX: CNR)(NYSE: CNI). Put simply, the cost of entering the rail business is simply too high.

Better yet, CN Rail is a best-in-class railroad. It has the best track record (no pun intended) of any large railway in North America. It also has the best network of any carrier and is the only one that reaches the West Coast, East Coast, and Gulf Coast. So it is very well positioned to compete against its rivals for a long time. As an investor, that should make you very comfortable.

3. Canadian Tire

At first glance, **Canadian Tire** (TSX: CTC.A) may not seem that secure. But looks can be deceiving.

Back in 1994, **Walmart** (NYSE: WMT) entered the Canadian market, and numerous observers predicted Canadian Tire's demise. In fact the phrase 'deer in the headlights' was used to describe Tire. But the company persisted. Fast forward to last year, and Tire was again able to shrug off a big new entrant, this time **Target**.

So what makes Tire so able to resist competition? Quite simply, it's the company's footprint – over 90% of Canadians live within a 15-minute drive of a Canadian Tire store. So when a new competitor enters, the best real estate is already taken up. So as long as Canadians prefer convenience when shopping, Tire will persevere. And that should be music to the ears of any long-term investor.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:CNI (Canadian National Railway Company)
2. NYSE:WMT (Wal-Mart Stores Inc.)
3. TSX:CNR (Canadian National Railway Company)
4. TSX:CTC.A (Canadian Tire Corporation, Limited)
5. TSX:FTS (Fortis Inc.)

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