



## 1 Stock to Buy and Hold Forever: Canadian National Railway Company

### Description

This company owns one of the most valuable assets in the country.

Thanks in part to the near-monopoly status it holds on this property, the firm just saw its quarterly profits rise to a new record... up 18% over one year ago. It's because of this type of performance that the company has been able to increase its dividend 1,480% since going public in 1996.

And this is only the beginning. Because of the nearly impenetrable barriers to entering the industry, this company will likely continue paying dividends to shareholders for centuries to come. This is one of the few stocks in the world you could literally buy and hold forever.

Let me explain...

As I have written before, I'm a big fan of a group of companies I like to call my 'Forever Stocks'. These elite businesses have rewarded investors for generations. And thanks to their durable competitive advantages and strong brand names, the underlying stocks have consistently outperformed the market year after year.

These companies have stood the test of time. While technology companies like **BlackBerry** have to come up with the next gee-wiz gizmo every few years, Forever Stocks don't. In many cases, the products these companies produce have remained unchanged over centuries.

But as you might expect, companies that meet this high standard are rare. In fact, of the thousands of publicly traded companies in North America, I can think of only a few dozen firms that possibly meet my criteria.

That's why today I wanted to share one such firm. This company has perhaps the most rock-solid dividend in the country and it's one of my favourite income stocks in Canada: **Canadian National Railway Company** ([TSX: CNR](#))([NYSE: CNI](#)), a leader in freight transit for over 90 years.

CN Rail's status as a Forever Stock comes down to a few important points...

First, shipping freight by rail is less expensive than other methods of transportation. A train can move a tonne of goods over 160 kilometres on a litre of diesel. That's four times more efficient per tonne-mile than trucking giving CN a permanent cost advantage.

Second, CN's business is almost impossible to replicate. The company's network of track spans 20,400 route miles from the Atlantic Ocean, the Gulf of Mexico, to the Pacific West Coast. If you wanted to exactly replicate CN's business, it would cost hundreds of billions of dollars to secure the right-of-ways and buyout landowners.

Finally, CN has fared well even during times of uncertainty. Since going public in 1996 — a period that included two major recessions — the company has increased its dividend ever year. And over that time, the stock has outperformed the **S&P/TSX Composite Index** by 1,325%.

Now bear in mind that there are no sure things in investing. However, given the strengths of CN's business, the company is likely to continue rewarding shareholders for decades if not centuries to come. That's why it deserves a permanent place in your portfolio.

## CATEGORY

1. Investing

## TICKERS GLOBAL

1. NYSE:CNI (Canadian National Railway Company)
2. TSX:CNR (Canadian National Railway Company)

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## Author

rbailieul

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