3 Forever Stocks for Young Investors: Canadian National Railway Company, Canadian Natural Resources Limited, and Telus Corporation

Description

Study after study has shown that investors tend to badly underperform the market. For example, Bernstein recently concluded that investors have earned just over 2% per year over the last 20 years, compared to over 9% for the **S&P 500**. The mistakes are clear: Investors trade too often, and at the wrong times.

If you're still young, this should be the perfect warning call. There's no reason why you have to repeat these mistakes. The key is finding stocks that you can hold not just for years, but for decades. Below are three such stocks.

1. Canadian National Railway Company

When investing for the long term, you want to find companies with sustainable competitive advantages. There's no better example than **Canadian National Railway Company** (TSX: CNR)(NYSE: CNI). If you don't believe me, imagine trying to start a competing railroad. It can't be done; the cost of laying down all that track is far too high.

This railway has also been a best-in-class operator, adept at keeping expenses nice and low. Better yet, it has arguably the best track network of all the carriers, the only one that reaches the Atlantic, Pacific, and Gulf coasts. Thus, the company is very well positioned to benefit from increased demand, especially from energy companies.

Its shares may seem a bit expensive, at over 20 times earnings. However, this is a company that can be held for a long time, and there's nothing wrong with paying a little extra for that.

2. Canadian Natural Resources Limited

Investing in energy companies can be very tricky. Energy prices are difficult to predict, operating costs can be volatile, and projects are often very expensive and complex. Lots of things can go wrong very easily.

However, there's one company especially well-positioned to deal with these ups and downs: **Canadian Natural Resources Limited** (TSX: CNQ)(NYSE: CNQ). It has built a fantastic reputation for smart capital allocation and ferocious cost control over the years, and shareholders have benefited greatly from that.

Looking ahead, even if the energy market goes through a downturn, the company's low-cost structure allows it to weather the storm. Furthermore, it would then be able to buy up assets and develop them very cheaply, reaping the rewards when the energy market eventually comes back.

Over the long term, its shareholders have done very well, and there's no reason to expect this to stop.

3. Telus Corporation

Speaking of sustainable competitive advantages, Canada's big three telecommunications companies fit the bill, and **Telus Corporation** (TSX: T)(NYSE: TU) is the best operator of the three. How is this the case?

Quite simply, Telus has done a better job at keeping its customers happy than its competitors have. As a result, Telus leads the industry in some very important metrics. For example, it has been adding more wireless customers, fewer of these customers leave, and the lifetime value of its customers leads the industry, too.

Telus is very well positioned to benefit, as Canadians require ever more data through their cell phones. Investors can be assured that this won't change for a long time.

CATEGORY

1. Investing
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TICKERS GLOBAL

1. NYSE:CNI (Canadian National Railway Company)
2. NYSE:CNQ (Canadian Natural Resources)
3. NYSE:TU (TELUS)
4. TSX:CNQ (Canadian Natural Resources Limited)
5. TSX:CNR (Canadian National Railway Company)
6. TSX:T (TELUS)

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