



## If You Don't Buy This Stock Now, You'll Hate Yourself Later: Canadian National Railway Company

### Description

This 'Forever Stock' has made it through 16 recessions and has returned 2,250% since going public in 1996.

If you had reinvested your dividends, every \$25,000 you purchased back then would be worth more than \$563,000 right now. Today, the firm is raising its dividends, spending billions to buy back its own stock, and owns one of the most valuable assets in North America.

It's no wonder that billionaire Bill Gates backed up the truck and owns over \$1.2 billion of this company. Now could be a great time to follow Mr. Gates's lead and add this Forever Stock to your portfolio. Let me explain...

### The 90-year-old dividend stock that's crushing the market

As I have written before, I'm a big fan of a group of companies I like to call my 'Forever Stocks'. These are businesses that have stood the test of time. Thanks to their durable positions in the marketplace, many have rewarded shareholders with dividends for decades.

Forever Stocks don't have to come up with the next cool gadget every few years. They don't deal in complicated financial mumbo-jumbo. They offer simple, easy-to-understand products that in many cases have remained unchanged for generations.

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 names: the **Canadian National Railway Company** ([TSX: CNR](#))([NYSE: CNI](#)), a leader in freight transit for over 90 years.

For the record, I'm not the only one who's noticed the huge upside here. In fact, my colleague Andrew Walker recently highlighted the company saying, "I think Motley Fool readers looking for a great stock to buy and hold for decades should consider Canadian National Railway."

I don't think Andrew is exaggerating when he starts talking in timelines measured in decades. CN

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

First, the firm is a dividend machine. Since going public in 1996, the company has increased its payout almost 15-fold. Even through the height of the 2008-09 financial crisis, CN actually *hiked* its distribution.

[canadiannationalrailwayisawesome](#)

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*Source: CN Investor Relations*

CN also rewards investors through a generous share buyback program. Over the past nine months, the company has purchased a whopping \$1.1 billion worth of its own stock. In a way, this is sort of a 'tax-free' dividend.

Second, CN's network of track is nearly impossible to replicate. When legendary investor Warren Buffett is evaluating the strength of a business, he asks, 'If I had \$1 billion, how much could I hurt this guy?' But even if you and I had \$1 billion... \$2 billion... \$5 billion, chances are we couldn't really make a dent in CN's profits.

Built over 100 years ago, the company's tracks cut right through densely populated cities from coast to coast. The need to obtain right-of-ways and lay hundreds of miles of steel is enough to fend off most would-be rivals. That's why a new railroad hasn't been built in decades.

Finally, rail has a permanent cost advantage. A train can move a tonne of freight over 150 kilometres on a litre of diesel. That's four times more efficient per tonne-mile than trucking, rail's biggest rival.

When traffic travels by rail, society benefits. Rail uses far less energy and emits fewer greenhouse gases than any other form of transit. And that advantage will only grow over time as oil prices rise.

### **The one dividend stock for the next 100 years**

If you don't buy this stock today, you'll kick yourself 30 years from now. While nothing is assured, CN should keep posting big returns through good times and bad. That's the power of a Forever Stock.

## CATEGORY

1. Dividend Stocks
2. Investing

## TICKERS GLOBAL

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

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