



Canadian National Railway Company: All Aboard the Profit Train!

Description

Canadian National Railway Company ([TSX:CNR](#))([NYSE:CNI](#)) is one of the best dividend-growth stocks on the TSX. It's one of the stocks that you could buy at any time, and you'd do well in the long run because the management team is really one of the best in the business.

CN Rail is known as North America's most efficient railroad for a reason. The company consistently delivers solid numbers thanks to the company's initiatives to drive long-term operational efficiency. With an impressive return on equity (ROE) of 25% over the last 12 months, it's not a mystery why the world's richest man, Bill Gates, loves the company so much. It's one of his largest holdings, and CN Rail will keep making the richest man richer as time goes on.

CN Rail has been on an amazing run lately, so the stock isn't cheap right now. It's very rare that CN Rail trades at a discount to its intrinsic value because it's an incredible dividend-growth king. It will do well even if you buy it at or above fair value if your intention is to hold it for the long run. I believe CN Rail is one of those stocks that you could buy and hold forever. The moat is incredibly wide, and the longer you hold the stock, the higher the dividend you'll get on your original investment.

In the company's latest earnings report, many investors became fearful over the company's lower-than-expected operating ratio. The operating ratio increased 0.5%, but the general public wanted more. Although CN Rail reported record first-quarter results and upped its profit guidance, investors were disappointed, and the stock sold off by a fair amount in the trading days that followed.

I believe the post-earnings dip was completely unwarranted, and that the general public has unrealistic expectations. But as a shareholder, I'm not worried, and you shouldn't be either. Stocks have had a huge run lately, and many investors have become overly bullish and too optimistic. It's not just CN Rail that has unrealistic expectations on it; almost every company with positive prospects is expected to deliver perfection, or the stock will not go up.

According to *Bloomberg*, some pundits seemed to think that CN Rail is “struggling to remain North America’s most efficient railroad,” but I believe this is completely overblown, and that the management team is still focused on becoming efficient.

Although I’m a shareholder of CN Rail, I welcome any pessimism that will cause dips in the stock’s price because that means I get to buy more shares at a better price. Buy the stock now and on any dips, and you’ll do very well in the long run.

The stock has been soaring over the past year, but I don’t believe the train has left the station. It’s still a great buy at current levels. All aboard!

Stay smart. Stay hungry. Stay Foolish.

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