



## If You're a Follower of Peter Lynch, This Market-Beating Stock Screams "Buy Now!"

### Description

Peter Lynch is a legendary investor who's no stranger to beating the markets. As the manager of the Fidelity Magellan Fund, he was able to clock in a mind-blowing 29.2% annualized return between 1977 and 1990, putting the **S&P 500 Composite Index** to shame. One of his most famous publications, *One Up on Wall Street*, is a must-read for any do-it-yourself investor, as it sheds light on his investment philosophy that has allowed him to command one of the best-performing mutual funds in recent history.

Like Warren Buffett, Peter Lynch is a fan of wonderful businesses that trade at a significant discount to their intrinsic value. Oftentimes, though, these discounts usually come at a time when it's quite difficult for the average investor to pull the trigger. Buying on weakness is easier said than done in real-time, especially if you're not sure what to make of recent developments that could potentially cause a cheap stock to become even cheaper.

When it comes to truly wonderful businesses, however, investors shouldn't hesitate to add to their positions on pullbacks. Such declines are healthy and no stock is immune to them. Even the stocks of the most wonderful businesses out there stand to face prolonged periods of weakness, and it is during these times that investors should be backing up the truck! However, few investors actually do so for a variety of concerning reasons, many of which are factored into the current share price and may not be as insidious as the general public makes them out to be.

When picking stocks, Peter Lynch suggests that investors "Go for a business that any idiot can run — because sooner or later, any idiot probably is going to run it."

In the case of **Canadian National Railway Company** ([TSX:CNR](#))([NYSE:CNI](#)), one of the best-performing [dividend-growth stocks](#) of the last several decades, many investors are increasingly concerned about a lack of leadership following CEO Luc Jobin's sudden departure from the company.

While changes in management are definitely a big deal for most companies, I believe CN Rail is one of the few firms where investors really don't need to throw in the towel just because there's a management shakeup. The company has one of the widest moats out there and nothing has changed

on that count. The company is the backbone of the economy and there are really no suitable alternatives for transporting massive quantities of goods at the lowest possible price.

Upper management turnover has happened in the past and it will continue to happen again; it's a fact that long-term investors are going to need to come to terms with. Such shakeups bring uncertainties; however. When you look at the bigger picture, you've got a business with staying power such that even an "idiot" CEO couldn't run into the ground.

CEOs with poor track records may plague the stock over the short to medium-term, but over the long haul, it'll be hard to keep the company down, even with the occasional hiccup along the way. Moreover, one could argue that CN Rail shares should have surged following Jobin's abrupt exit, as operational and customer service issues have been plaguing the company under his leadership.

Is the title of North America's most efficient railway in jeopardy?

It could be over the nearer-term; however, the backlog of shipments isn't going to disappear and I think the company is a wonderful foundation for any portfolio given the company's extensive rail network and its "duopoly" share in the Canadian railway space.

### **Bottom line**

CN Rail is a wide-moat business, and buying on previous weaknesses has typically been a smart strategy for market-beating results over the long haul. Trump's proposed tariffs, near-term operational challenges, and the lack of a full-time CEO present near-term uncertainty that have created one of the most attractive entry points in the stock in recent memory.

I believe many of the concerns surrounding CN Rail are short-term worries, so I'd advise investors to back up the truck today because I think the profit train will once again leave the station after prolonged periods of weakness.

Stay hungry. Stay Foolish.

### **CATEGORY**

1. Dividend Stocks

### **TICKERS GLOBAL**

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

### **PARTNER-FEEDS**

1. Msn
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