



3 TSX Stocks With Impenetrable Economic Moats

Description

What's the easiest way to be certain that a stock has a great future ahead of it?

A great candidate for an answer to that question would be "an economic moat."

An economic moat is a durable competitive advantage that keeps a company's revenue streams safe from competitors. One straightforward example of a moat is a government-enforced monopoly. Another is an extraordinarily high barrier to entry.

A slightly more subtle type of moat is a strong brand: if a brand draws customers to a certain product, then it captures at least that portion of the market from its competitors, even if they sell a functionally identical product.

Of course, the mere presence of a moat doesn't guarantee that a business will be a success. However, it combined with the usual financial elements investors look for can go a long way. With that in mind, here are three Canadian stocks with deep moats you can count on to keep the underlying businesses safe.

Canadian Pacific Railway ([TSX:CP](#))([NYSE:CP](#))

Canadian Pacific is one of Canada's two major railways. For a company that's been around over 100 years, it's growing remarkably quickly, increasing its adjusted earnings at 41% in its most recent quarter. As a railway company, Canadian Pacific enjoys a solid moat in the form of [high barriers to entry](#). The railway business is enormously capital intensive, so any potential competitor would need to spend billions of dollars to enter the market and compete. That's a moat you can count on.

Fortis ([TSX:FTS](#))([NYSE:FTS](#))

Fortis is one of Canada's largest non-state-owned utility companies. With assets all across Canada, the U.S., and the Caribbean, it has a huge footprint. The company is also making investments in

natural gas, having recently acquired the Aitken Creek storage facility in B.C.

As a regulated utility, Fortis enjoys two moats: infrastructure and government regulation. Utilities operate on established infrastructure networks in their service areas, which, in many cases, they own outright. Sometimes, the building of additional electrical infrastructure is not permitted by government regulations, so that adds a second layer of protection to an established utility company's business.

Canada Goose ([TSX:GOOS](#))([NYSE:GOOS](#))

Canada Goose is a clothing company that has an enormous market share in high-priced winter parkas. The company's parkas are unique for their high levels of insulation, trademark arm patch, and coyote fur hoods. Ever since Canada Goose became popular, a number of competitors making similar parkas have come and gone. So far, not a single one has managed to sell similar parkas in similar numbers at the same price point.

This is a classic example of a moat built on a brand. People buy Canada Goose parkas in no small part because of the name "Canada Goose." So, a perfect or even superior knockoff wouldn't sell as well, even if much cheaper, because it lacks the name recognition. This provides enormous benefits to Canada Goose's sales, which can be seen in the company's [50% year-over-year revenue growth](#).

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