3 TSX Stocks to Buy and Hold for 50 Years

Description

Have you ever wanted to make money in the markets without having to worry about daily stock price fluctuations?

If so, it pays to buy stocks in government-regulated industries.

Companies in regulated sectors are protected by massive barriers to entry, providing a natural moat that leaves them in an enviable competitive position.

With most stocks, you need to follow earnings and price data religiously to find good entry and exit points. With blue-chip stocks in regulated industries, this is less the case. Stocks in industries like utilities, railroads, and government contracting are about as close to "buy-and-forget" plays as you can find, owing to their highly protected income streams. So, if your goal is to buy, hold and forget, these stocks are exactly what you should be looking at.

Without further ado, here are three highly regulated TSX stocks you can buy and hold, possibly for up to 50 years.

Canadian National Railway (TSX:CNR)(NYSE:CNI)

CN is Canada's largest rail transportation company. It makes money by charging fees to ship goods throughout Canada and the U.S.

Because of its U.S. presence, it earns a lot of its revenue in U.S. dollars, which has a positive effect on earnings at the moment. Partially as a result of this, the company has been experiencing solid earnings growth (usually around 20%) quarter after quarter.

In its most recent quarter, CN technically posted a 50% GAAP earnings decline, but this wasdeceiving: in the same quarter of 2017, CN received a massive U.S. income tax refund that spikedincome to an artificially high level. Taking these tax shenanigans out of the equation, CN grew EPS by 10% and operating income by 19%.

Canadian Pacific Railway (TSX:CP)(NYSE:CP)

Canadian Pacific is Canada's second-largest railway company after CN.

Like CN, Canadian Pacific is growing earnings at a remarkably fast rate for an old-timey, blue-chip stock. Also like CN, it benefits from tonnes of U.S. business, which sends net income higher than would otherwise be the case.

Canadian Pacific stock has a somewhat more volatile pattern than CN, so if you're an ultra-jittery investor, it may be the weaker pick of the two. However, Canadian Pacific is projecting somewhat higher earnings growth than CN; if current estimates come to pass, then the former may end up generating a bigger return.

Fortis (TSX:FTS)(NYSE:FTS)

Last but not least, we have Fortis.

Fortis is Canada's biggest privately owned utility company and one of its best-performing utility stocks. In the past five years, it has beaten not only the TSX, but also the utilities sub-index by a considerable amount.

Fortis is best known for being a great dividend stock, with a 45-year history of raising its payout every single year. Management expects the dividend increases to keep coming at about 6% a year going forward, so the dividend-growth trend should continue well into the future. And, of course, as a utility, it's exactly the type of regulated, non-competitive stock you want in a buy-and-hold portfolio.

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