



## A Top Canadian Stock to Own for Decades

### Description

Investing in stocks can be a stressful and time-consuming process, but it doesn't have to be that way.

The TSX Index is home to a number of top companies that are market leaders, enjoy wide moats, and have delivered solid returns to shareholders for many years.

Let's take a look one special stock that deserves to be on your [RRSP](#) or TFSA radar today.

### CN

**Canadian National Railway** ([TSX:CNR](#))([NYSE:CNI](#)) is one of those stocks you can simply buy in your 30s and forget until to need to cash out and enjoy the gains when your retire.

The company is the only rail operator in North America with tracks that connect to ports on three coasts. This is a huge benefit for its customers and gives CN a competitive advantage that is unlikely to disappear. New tracks owned by other companies are not going to be built along the same routes, and every time railroad CEOs try to put a merger together, the government steps in and blocks the deal.

CN still has to compete with trucks and other railways along some routes, so it works hard to remain as efficient as possible. Under its new leadership, CN has ramped up its spending. The 2019 capital budget of nearly \$4 billion will see CN buy new locomotive and rail cars. In addition, the company is investing in infrastructure upgrades and new technology and is even expanding into the trucking sector.

New multi-year deals with the employee unions removed some uncertainty last year, helping the company focus on driving better results for customers and shareholders.

CN generates significant free cash flow and is good at sharing part of the profits with investors, while still investing in the business. The company has a compound annual dividend-growth rate of about 16% over the past 20 years and raised the payout by 18% for 2019.

The stock currently trades at \$120 per share and provides a [yield](#) of 1.8%.

The Canadian and U.S. economies continue to grow and CN is an integral player in moving the raw materials and finished goods businesses need to keep the economic engine running smoothly.

The company derives revenue from a variety of market segments, and the U.S. operations provide a hedge against any weakness in Canada.

## Should you buy CN today?

The stock has pulled back a bit from the 2019 high around \$127 and it would be great to catch CN at an even lower price than where it is today. That said, history suggests buying CN on any dip tends to be a smart bet over the long haul.

An investor who purchased \$10,000 in CN stock two decades ago would have about \$200,000 today with the dividends reinvested.

There is no guarantee CN will deliver the same returns in the next 20 years, but the company should still be a solid buy-and-hold pick for your retirement portfolio.

### CATEGORY

1. Dividend Stocks
2. Investing
3. Stocks for Beginners

### TICKERS GLOBAL

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

### PARTNER-FEEDS

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