



Invest Here Early to Retire Rich

Description

Retiring early and comfortably remain two of the most important, long-term objectives of every investor. Unfortunately, as we get older the dream of having a comfortable retirement takes precedence over retiring early, leading to many of us chasing that comfortable retirement dream well into our 60s.

What if there was a way to meet both of those long-term goals by investing in the right company early on? Fortunately, it can be done. Here's how.

Last train to retirement

Investing in **Canadian National Railway** ([TSX:CNR](#))([NYSE:CNI](#)) is a key point to realizing both of those early retirement dreams.

Most people view railroads as older relics of the last century, oblivious to the important function that they play to the overall economy. Specifically, railroads haul an assortment of freight between ports, warehouses, and factories across the continent that are vital to keeping the economy running. In terms of freight, railroads haul significantly more than any other method, transporting a wide variety of goods that can range from automotive parts and chemicals to crude oil, wheat, and raw materials.

That amounts to over \$250 billion worth of goods on an annual basis in what is Canada's largest railroad, which boasts a coast-to-coast network that is accessible to nearly every major metro area. Canadian National is the only railroad on the continent with access to three coastlines and the only railroad with access to the Port of Prince Rupert.

Prince Rupert is the fastest-growing transpacific port on the continent, providing the shortest transpacific route to Asia in what is also the deepest natural harbour on the continent.

Despite already operating one of the largest networks on the market, Canadian National is not resting on its laurels. The company is constantly investing in new technologies, infrastructure upgrades, and share buybacks that keep the railroad as one of the most desired holdings on the market. By way of example, in 2019 alone, Canadian National has earmarked \$4 billion towards improving its network.

All aboard the earnings express

Canadian National's impressive network and overall necessity have allowed the company to post a series of strong results over the years. That trend continued in the most recent quarterly report which was announced last month.

In that most recent quarter, Canadian National reported record-breaking revenues of \$3,959 million, reflecting a gain of 9% over the same period last year. The record-breaking trend continued to both income and adjusted diluted earnings per share, which came in at \$1,362 million and \$1.73 per share, respectively.

Canadian National also saw its operating ratio drop in the most recent quarter to 57.5%. The operating ratio is a common measure among railroads of operating expenses as a percentage of revenue (where lower is better). Canadian National is often regarded as an industry leader in this regard, with many of its peers having an operating ratio closer to 80%.

Another key point for potential investors to consider is Canadian National's dividend. The current quarterly payout works out to a 1.75% yield, which may not initially sound as attractive as some of the other income-earning gems on the market. Fortunately, Canadian National's compound annual growth rate over the past two decades comes in at an incredible 16%, handily making the railroad a must-have investment for any long-term portfolio.

Final thoughts

There are few investment options on the market today that can match the [long-term opportunity](#) presented by Canadian National. In my opinion, Canadian National is a must-have investment for any investor looking for [long-term growth](#), income-earning potential, and an incredible moat that is unlikely to change anytime soon.

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