



## Outperforming the Market: CN (TSX:CNR) Is up 20%

### Description

Seasoned investors are well-versed in identifying opportunities to scoop up stocks at highly discounted rates. Since the crash back in March, there have been countless examples of this, and several of those opportunities [persist to this day](#). Finding those long-term opportunities in stocks that are already outperforming the market is more difficult.

Fortunately, **Canadian National Railway** ([TSX:CNR](#))([NYSE:CNI](#)) is one such example. The railroad has already reported impressive gains of 20% in the past three-month period and remains a stellar long-term buy.

### Why 20% is just the beginning

Canadian National's meteoric rise is great, but the ride is only just beginning. Here are a few key points that prospective investors need to know about the company which continues to outperform the market.

Railroads are incredibly defensive investments. This is a statement that is often repeated, but most of us don't realize how important it really is. To start, consider this fact: CN hauls over \$250 billion worth of goods each year. Those goods can be anything from automotive components and chemicals to crude oil and wheat.

Railroads have been around for a long time. This point often gets interpreted as railroads being a remnant of the last century. While it's true that railroad networks were laid out decades ago, communities have built around those tracks. For CN's massive 32,000 km network, this means the chances of a new competitor entering the market are nil.

If that isn't defensive enough, also worth noting is that CN is the *only* railroad on the continent with access to three coastlines.

That not only makes CN an excellent defensive investment but also an essential one. Many of those materials hauled by CN keep the economy moving, even in a pandemic. The vast diversity of products hauled that I mentioned above also means that CN can offset weakness in one area with growth in

another.

By way of example, in the first half of 2020, CN hauled 15 million metric tonnes of Canadian grain. This surpassed the railroad's previous record by over one million metric tonnes. More than half of that record-breaking haul was during the second quarter of the year (during the pandemic).

## Outperform the market and earn some income

Another area where Canadian National excels at is as an income investment. CN currently offers a quarterly dividend that works out to a 1.61% yield. At first glance, that yield doesn't resonate like a stellar income producer, as [other income stocks](#) now offer yields over 4%.

Fortunately, CN has provided generous annual bumps to that dividend for over two decades, earning its status as a Dividend Aristocrat. Additionally, the payout ratio remains at a well-covered rate, unlike other investments carrying higher yields. The most recent dividend uptick came this year.

In my opinion, CN remains a stellar option that will continue to outperform the market. Buy it, hold it, and get rich.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

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

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### Date

2025/08/23

### Date Created

2020/09/30

### Author

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