



All Aboard the Growth Train!

Description

Some of the best investments on the markets are the ones that we see on a daily basis, critical to our lives, yet we rarely see as investments. Prime examples of these include grocers, banks, and railroads. Here's a look at **Canadian National Railway** ([TSX:CNR](#))([NYSE:CNI](#)) and why investors need to board the growth train for long-term gains.

Join the growth train...still lucrative in 2021

Railroads perform a valuable function, even in our modern connected world. That isn't evident to many, at least initially. At first glance, a freight train spanning off into the horizon is perceived as anything but high-tech or efficient. In fact, the stereotype view of railroads is that they are low-tech remnants from the early 1900s.

That couldn't be further from [the truth](#). Canadian National is a literal growth train for investors. The function that railroads like Canadian National perform is just as important as it was years ago. In short, railroads haul freight over long distances over sprawling inter-connected networks. In fact, railroad freight is often referred to as an arterial vein and barometer of the entire North American economy.

The freight that railroads haul can be anything from automotive components and chemicals to wheat, or crude oil. In the case of Canadian National, that freight amounts to \$250 billion worth of goods each year. Further to this, that freight is well-diversified. A drop in demand for one product can easily be offset by growth in another.

Additionally, let's circle back to those rail networks. While those rail tracks were laid many years ago (lending to the stereotype view of being holdovers from the last century), the more important point is that entire communities have sprung up around those tracks. This solidifies a railroad as a defensive investment and eliminates would-be competitors from emerging.

In the case of Canadian National, the railroad boasts a track network of over 32,000km. Further to this, Canadian National is the only railroad on the continent that has access to three coastlines. This translates into a competitive advantage over its peers, particularly when considering the challenges

related to expansion.

Should you buy Canadian National?

Apart from operating a necessary business in a defensive environment, Canadian National appeals as an income-producing investment too. The company currently offers a quarterly dividend with a 1.65% yield. That might not seem like the best return on the market, but what it lacks in yield it makes up for in long-term growth. Specifically, the railroad's dividend growth-rate translates into long-term growth well into double-digit territory.

In other words, Canadian National is a great buy-and-forget stock. All aboard the growth train!

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1. Dividend Stocks
2. Investing

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