



1 Top Canadian Stock to Buy Right Now and Hold for 100 Years

Description

Even the soundest investment theses in top Canadian stocks can change over time, thanks in part to the disruptive impact of new entrants in an industry.

As such, investors should continue to put in the homework well after they've purchased shares of a company to ensure their original investment thesis still holds strong. Of course, there are numerous passive-investment options out there for those who don't have the time to put in. But for those keen on doing better than the market, I'd look to the basket of Canada's top wide-moat stocks, which, while shrinking, can allow one to buy and forget for years, if not decades at a time.

There are still a handful of companies out there with moats so wide such that not even the most innovative disruptor in the world will be able to put a dent in it. In this piece, we'll have a look at one top Canadian stock to pick up if you're looking to adopt investment legend Charlie Munger's buy-and-sit-on-your-hands strategy.

CP Rail: A top Canadian stock with one of the widest moats out there

Enter **CP Rail** ([TSX:CP](#))([NYSE:CP](#)), one of Canada's oldest companies that's been going strong for 140 years.

There's a reason why [Warren Buffett](#) and Bill Gates are big fans of investing in the rail business. The business of railways has not changed much over the last century and a half. And it's probably not going to change too much over the next century.

If anything, technological innovations, I believe, will heavily work in favour of the rails and their profitability prospects. Think more energy-efficient (electric?) locomotives and internet-of-things (IoT) technologies that could minimize expensive derailments.

CP's billions of dollars of rail track are pretty much impossible to replicate. Constructing and

maintaining new railroads is not only ridiculously expensive, but it can also come with sky-high regulatory hurdles. For small, up-and-coming innovators, there's not much that can be done to challenge the dominant positions of the rails.

Missing out on a historic rail deal

CP stock has recently fallen under pressure, as its top rival **CN Rail** swooped in with a higher bid to steal its acquisition target in **Kansas City Southern**. The CP-KSU tie-up was a match made in heaven, but the price tag came too high. Ultimately, CP missed out on what I think was its last chance to grow its business in a meaningful way.

It's hard to lay out new track given the regulatory hurdles. As of right now, I don't see any alternative acquisition targets for CP that make sense. In any case, I think the top Canadian stock is a compelling buy at 25 times trailing earnings, as it will continue to benefit from Canada's rail duopoly for many decades to come.

With the macro picture improving by the day, I'd urge investors to consider punching their ticket into a wide-moat name like CP Rail, as most other investors fret about the great rail deal that could have been.

Stay Foolish, my friends.

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Date

2025/08/18

Date Created

2021/06/07

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