



Invest Like Warren Buffett: 2 Canadian Stocks to Buy and Never Sell

Description

Warren Buffett is renowned for buying good quality businesses at fair prices and then holding them for very long periods. In fact, he once said, “When we own portions of outstanding businesses with outstanding managements, our favourite holding period is forever.” The idea is that if you own a business with the right successful “secret sauce,” why trade in and out of it?

Warren Buffett built his wealth with a buy and hold strategy

Warren Buffett's success has largely been a result of this long-term strategy. Buying and holding top-quality stocks like **Coca-Cola** and [Apple](#) or private businesses like See's Candy and GEICO have helped him amass a huge fortune for himself and **Berkshire Hathaway** shareholders.

If you want to build a similar fortune on the stock market, you have to have the patience, fortitude, and long-term mindset like Warren Buffett. Sometimes the simplest strategy of buying and holding stocks for long periods is also the best.

Here are two [Canadian stocks](#) that mirror some of Warren Buffett's long-term investments over the years.

Warren Buffett has a broad energy infrastructure portfolio

Last year, Warren Buffett was criticized for making a major investment into a large gas pipeline in the U.S. Many commentators were saying the investment was a step backward from [ESG investing principals](#). Yet, natural gas will be a very important green transition fuel. Pipeline shutdowns in 2021 have only showcased how important energy infrastructure is to society and the economy.

Given this, I believe **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) has a relevant future as a high-income producing investment. While it operates a huge network of oil liquids pipelines, it's also a major transporter of natural gas in North America. Similarly, it is working to diversify its operations to focus on renewable power projects and renewable fuel options.

Enbridge pays a very attractive 6.9% dividend. Its dividend is well covered by highly contracted/regulated streams of cash flow. While it works out business strategies for the future, I am happy to collect that stable coupon. I think Warren Buffett recognized that pipelines are nearly impossible to build these days. Consequently, the value of current pipeline infrastructure should continue to rise for years ahead.

Railroads have worked out well for Berkshire Hathaway investors

Canadian Pacific Railway ([TSX:CP](#))([NYSE:CP](#)) is set to announce earnings next week. Given the strong numbers announced by **Canadian National Railway** this week, CP could also have a really strong quarter. CP has one of the best operating ratios in the industry. It has a smaller network than its North American Class 1 peers. Yet, it has consistently been one of the most profitable and efficient railroads in North America.

In Berkshire's 2020 annual shareholder letter, Warren Buffett celebrated the benefits of privatizing a top railway like BNSF. While it was a pricey acquisition at the time, it has more than paid for itself over the past 10 years..

Over the long run, CP could do the same for investors. Its rail assets are essential for the North American economy. Likewise, CP has abundant land assets to still monetize. While it may have lost out on the **Kansas City Southern** acquisition (at least for now), CP could potentially be an acquisition target itself. Perhaps, even by BNSF?

While that is pretty speculative, the fact is CP has a high-quality business that should produce stable earnings growth for many years to come.

CATEGORY

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2. NYSE:CP (Canadian Pacific Railway)
3. NYSE:ENB (Enbridge Inc.)
4. TSX:CP (Canadian Pacific Railway)
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