



## 3 Wide-Moat TSX Stocks Beginners Should Buy and Hold Forever

### Description

Beginner investors would do well to buy and hold the stocks of “wide-moat” companies forever. Coined by [Warren Buffett](#), an economic moat is a quality that allows companies to maintain a strong competitive advantage for decades on end, with a “wide” moat being +20 years.

Wide-moat companies tend to have little competition, offer essential products and services, and possess strong profitability and growth under most economic scenarios. This allows them to maintain good margins, increase earnings, and produce better share price appreciation over the long run.

Today, we’ll examine three wide-moat stocks from the TSX banking, railway, and industrial sectors. The essential nature of these companies cannot be discounted. Unless society radically changes, there will always be a need for their services and products.

### Royal Bank of Canada

As one Canada’s largest and oldest banks (circa 1864), **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)) has outperformed the market since inception to become the largest stock in the TSX by market cap (\$207.01 billion) and the most prominent of the Big Six bank stocks.

With over 85,000 employees, Royal Bank has offices all across Canada, operating in multiple segments, from personal & commercial banking, wealth management, insurance, investor and treasury, and capital markets. The company is now integral to Canada’s capital markets.

Intangibles wide, Royal Bank competes in a very monopolistic industry with just five other competitors, none of which can match the size of its balance sheet, its history of dividend increases and payouts, and its global reach, especially in the U.S. markets.

### Canadian National Railway

**Canadian National Railway** ([TSX:CNR](#))([NYSE:CNI](#)) rules the Canadian railway sector with an iron

fist, facing just one other major competitor. In such a duopoly, there is little hope for disruption. As a result, Canadian National Railway has enjoyed strong margins and growth for decades.

The company operates in a very efficient and necessary industry for the Canadian economy, primarily due to the efficiency of scale of its railways. Canadian National Railway is able to provide transnational shipping services that are unrivaled by trucking or cargo jet companies, thus ensuring its necessity.

This efficiency of scale also produces numerous cost advantages for the company. Hauling freight by railway is the most affordable option, with trucks, barges, and cargo jets unable to offer the same low value-per-unit weight or fuel economy that railways can.

## Waste Connections

Nobody likes dealing with garbage, but somebody always has to. In this case, that somebody is **Waste Connections** ([TSX:WCN](#))([NYSE:WCN](#)), and the company has reaped strong growth, profitable earnings, and ever-increasing business.

Waste Connections provides non-hazardous waste collection, transfer, disposal, and recycling services in the U.S. and Canada. Its wide-moat status comes from its intangible assets — things such as regulatory permits, government approvals, environmental assessments, etc.

To put it plainly, it would be extremely difficult for a competitor to obtain all of those intangible assets within a reasonable time and cost to go head to head with Waste Connections. That roadblock alone ensures that Waste Connection faces little competition, giving it that wide-moat status.

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1. Investing
2. Stocks for Beginners

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2. NYSE:RY (Royal Bank of Canada)
3. NYSE:WCN (Waste Connections)
4. TSX:CNR (Canadian National Railway Company)
5. TSX:RY (Royal Bank of Canada)
6. TSX:WCN (Waste Connections)

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