



## 2 Canadian Dividend Stocks Billionaires Are Buying

### Description

Did you know that many U.S. billionaires have bought Canadian stocks over the last decade?

It's not a well-known fact, but it's true. Since 2012, billionaires ranging from Warren Buffett to Bill Gates to Bill Ackman have purchased shares in Canadian companies. In some cases, they have made these shares among their largest holdings. In this article, I will explore two Canadian stocks that billionaires have been buying in recent years — including one that made the news in a big way last year.

### Canadian National Railway

**Canadian National Railway** ([TSX:CNR](#)) is a [blue-chip](#) railroad stock that's famous for being owned by Bill Gates. The stock made headlines as part of the media circus surrounding Gates's divorce. Shortly after Gates transferred CNR stock to his ex-wife Melinda French, French sold the shares in a move that was noted by the financial press (prior to this, Gates hadn't sold any CN Railway shares).

Since then, CNR has made some big moves. The stock is up 1.21% for the year, which doesn't sound like much, but when you consider that the broader stock market is down 10% for the year, you can see clearly that CNR is outperforming by a wide margin.

Why do billionaires like CNR stock so much?

First off, it has a strong competitive position. CN Railway is the only North American railroad that can touch three different coasts, which gives it an advantage in certain shipping routes.

Second, it is highly profitable. CN Railway turns a high percentage of every dollar invested into profit and tends to grow its profits over time.

Third, the rail industry in general has a lot of advantages compared to other shipping options. Rail is by far the cheapest way to ship goods by land. Pipelines are technically cheaper for oil, but that's the only commodity category that pipelines can be used for. For grain, metals, and manufactured products, rail is king. This makes rail transportation a highly underrated, under-the-radar industry.

## Canadian Pacific Railway

**Canadian Pacific Railway** ([TSX:CP](#)) is another Canadian rail stock that has been bought by a U.S. billionaire — in this case, Bill Ackman. Bill Ackman is a U.S. hedge fund manager who has something of a penchant for Canadian stocks. In addition to CP, he owns a large stake in **Restaurant Brands International**, a stock he has held ever since the company was formed.

The basic concept of Canadian Pacific Railway is similar to Canadian National Railway: it's a strong railroad in a good industry that faces few competitors. In these respects, CP is similar to CNR. However, CP has a catalyst that could change the game.

The company is in the process of [buying out](#) **Kansas City Southern**, a U.S. railroad that would increase its reach dramatically. Buying out Kansas City would give CP access to totally new shipping routes and would open up new business opportunities. CP's revenue would increase by the amount that Kansas City adds to it. CP is paying a premium price for this deal, but railroads tend to be very solid, dependable assets, so it could be worth all the money being spent on it.

### CATEGORY

1. Investing

### TICKERS GLOBAL

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2. NYSE:CP (Canadian Pacific Railway)
3. TSX:CNR (Canadian National Railway Company)
4. TSX:CP (Canadian Pacific Railway)

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