



## 3 Extremely Safe Stocks to Buy and Hold Forever

### Description

Are you worried about stock market volatility?

In the long run, you don't need to be. History shows that the times when stocks go down are the best times to buy. However, there are some situations when volatility (defined as price variance) can signal genuine economic problems. Specifically, problems can arise when volatility in individual stocks exceeds that in the markets as a whole. When a specific stock swings up and down more wildly than the average stock, that can signal that it is going through financial problems. That's not always the case — sometimes stocks are volatile because investors don't understand them well — but often enough, stocks go down because their business performance is deteriorating.

So, it pays to look at what kinds of stocks you invest in. By buying high-quality stocks in good industries, you stand a good chance of earning a decent return. In this article, I will explore three stocks that are fairly safe and have delivered strong returns.

### CN Railway

**Canadian National Railway** ([TSX:CNR](#)) is a Canadian railroad company that makes money by transporting goods in exchange for fees. The stock has a 0.69 beta coefficient. The beta coefficient is a measure of [a stock's volatility](#): one means a stock is as volatile as the market; less than one means it's less volatile than the market; and above one means it's more volatile than the market. So, CNR's 0.69 beta signals that it is less volatile than the market.

CN Railway is a pretty good business. It's one of only two major rail companies in Canada, which means it doesn't face too much competition, and it's the only North American railroad that touches three coasts. It transports \$250 billion worth of goods every year. It's a solid company that you can bank on for the long haul.

### Alimentation Couche-Tard

**Alimentation Couche-Tard** ([TSX:ATD](#)) is a Canadian convenience store company. It operates gas stations and convenience stores across Canada and Europe. Its stores sell a variety of snacks, beer, and cigarettes, and it also collect a percentage of the revenue from gasoline sold outside at the pumps. ATD's earnings are rising this year, thanks in no small part to rising gas sales. ATD stock has a 0.99 beta coefficient, so it's safer than the average stock. Overall, it's a great company that benefits from [high oil prices](#) and other trends being observed in the economy this year.

## Berkshire Hathaway

**Berkshire Hathaway** (NYSE:BRK.B) is Warren Buffett's holding company. It owns a variety of different businesses, mainly in insurance, transportation, retail, and energy. It owns the major railroad BNSF, so some of the things said previously about CN Railway also apply to Berkshire.

More than anything else, Berkshire Hathaway is a bet on Warren Buffett's investing prowess. Over Warren Buffett's career, the S&P 500 (the index of the top 500 U.S. stocks) has risen by 10% per year, Buffett's investments have risen by 20% per year. So, Buffett is outperforming. Despite all of this outperformance, Warren Buffett hasn't taken on unnecessary risk, as Berkshire's beta coefficient is just 0.90, indicating less risk than average.

### CATEGORY

1. Investing

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2. NYSE:CNI (Canadian National Railway Company)
3. TSX:ATD (Alimentation Couche-Tard Inc.)
4. TSX:CNR (Canadian National Railway Company)

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