Stop Speculating! 3 Simple Ways to Protect Your TFSA in 2020

Description

Hi there, Fools. I'm back again to highlight three companies that generate boatloads of cash flow. As a quick reminder, I do this because cash flow is used by management teams for shareholder-friendly moves such as:

- paying hefty dividends for income-seeking investors;
- buying back shares at depressed prices; and
- growing the business without having to take on too much debt.

While speculating on small-cap cash burners can be profitable over the near term, buying into high-quality cash producers remains the most prudent path to wealth.

So if you're looking for a way to recession-proof your portfolio in 2020, this list might be a good place to start.

Golden choice

Leading off our list is **Barrick Gold** (TSX:ABX)(NYSE:GOLD), which has generated $3.1 billion in operating cash flow over the past 12 months. Shares of the gold mining giant are up about 40% over the past year.

Strong gold prices, impressive production, and shareholder-friendly management should continue to support price appreciation in 2020. In the most recent quarter, EPS of $0.15 topped estimates as revenue jumped 43%.

More importantly, management raised the quarterly dividend by 25% to $0.05 per share.

"These are exciting times with lots of opportunities to deliver real value for our owners and stakeholders, and Barrick is strongly placed to take full advantage of these," said CEO Mark Bristow.

Barrick currently offers a dividend yield of 1.2%.

Telus everything

Next up, we have **Telus** (TSX:T)(NYSE:TU), which has produced $4.0 billion in trailing 12-month operating cash flow. Shares of the telecom giant are up about 12% over the past year.

Telus' scale advantages, wireless growth, and highly regulated operating environment should continue to support steady gains. In its most recent quarter, wireless net additions climbed 13% to 193,000.

More importantly, management increased the quarterly dividend to $0.5825 per share, Telus' 18th straight dividend bump since its multi-year program started in 2011.

"We have established an enviable track record in respect of an attractive balance sheet and strong operational performance, which enable us to successfully execute on our consistent, transparent and industry-leading shareholder-friendly," said CEO Darren Entwistle.

Telus currently sports a healthy dividend yield of 4.6%.

Strong utility

With $1.4 billion in trailing 12-month operating cash flow, **Canadian Utilities** (TSX:CU) rounds out our list. Shares of the diversified utility are up 22% over the past year.

Canadian Utilities' solid performance continues to be underpinned by solid scale (total assets of $22 billion), high-quality earnings, and disciplined management. In the most recent quarter, EPS clocked in at $0.39 on revenue of $885 million.

More importantly, Canadian Utilities has now increased its dividend for 47 straight years — the longest such streak of any publicly traded Canadian company.

"Our success as a financially secure and stable energy infrastructure company is a result of our disciplined and prudent capital investment in utility and utility-like assets with regulated or long-term contracted earnings," said CFO Dennis DeChamplain.

Canadian Utilities boasts a juicy dividend yield of 4.4%.

The bottom line

There you have it, Fools: three "cash cows" worth considering.

As always, they aren't formal recommendations. Instead, see them as a starting point for further research. Even the most stable cash generators can suffer setbacks, so plenty of your own due diligence is still required.

Fool on.

CATEGORY

1. Dividend Stocks

TICKERS GLOBAL

1. NYSE:B (Barrick Mining)
2. NYSE:TU (TELUS)
3. TSX:ABX (Barrick Mining)
4. TSX:CU (Canadian Utilities Limited)
5. TSX:T (TELUS)

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