



## Feeling Nervous? 3 Top Cash Cow Stocks to Crash-Proof Your Portfolio Now

### 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 cash-burning weed stocks 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 defend against the recent volatility, this list might be a good place to start.

### Real choice

Leading off our list is retail real estate giant **RioCan Real Estate Investment Trust** ([TSX:REI.UN](#)), which has generated \$429 million in operating cash flow over the past 12 months.

The growing popularity of e-commerce has weighed on the stock in recent years, but now might be the perfect time to jump in. Specifically, RioCan's scale (225 properties representing about 40 million square feet) and long-term residential growth plans are definitely worth looking into.

In 2019, for example, net income jumped by 47%, suggesting that the company continues to improve the quality of its portfolio and tenant base.

“[W]e shrank our retail footprint by nearly 10.0 million square feet of secondary market retail space, our FFO per unit in 2019 exceeded that of the prior year,” said CEO Edward Sonshine. “With the retail properties remaining and our ongoing mixed-use development program proceeding so successfully, I am extremely pleased with our progress and confident about 2020.”

RioCan currently offers a healthy dividend yield of 5.3%.

## IT factor

Next up, we have IT services specialist **CGI** ([TSX:GIB.A](#))([NYSE:GIB](#)), which has generated \$1.7 billion in operating cash flow over the past 12 months.

The stock has slipped sharply amid the recent selloff, providing Fools with an attractive window of opportunity. CGI’s geographic reach, capital-light business model, and IT expertise continue to drive market-topping results. In the most recent quarter, for example, EPS of \$1.23 easily beat estimates as revenue improved 3% to \$3.05 billion.

CGI also ended the quarter with an impressive backlog of \$22.3 billion, suggesting that its competitive position remains firm.

“I am pleased with this quarter’s results of continued profitable growth and strong cash generation as we successfully execute our build and buy strategy,” said CEO George Schindler. “We are experiencing strong demand for our end-to-end services and remain an active consolidator through mergers and acquisitions.”

CGI shares currently trade at a forward P/E in the high teens.

## Keep an open mind

With \$1.1 billion in trailing 12-month operating cash flow, software giant **Open Text** ([TSX:OTEX](#))([NASDAQ:OTEX](#)) rounds out our list.

Open Text shares have held up relatively well in recent weeks. The company’s investment case continues to be underpinned by a strong management team, highly recurring revenue, a rock-solid financial position, and a clear leadership position in enterprise software.

In the most recent quarter, for example, EPS of \$0.84 topped estimates as revenue improved 5% to \$772 million.

“Open Text demonstrated solid operational performance during the second quarter, delivering to our Total Growth Strategy,” said CFO Madhu Ranganathan. “We put our capital to work, while maintaining a strong balance sheet with a net leverage ratio of 2.3x, and generated solid operating cash flows of \$207.2 million, supported by equally strong A-EBITDA results.”

Open Text shares currently trade at a P/E in the high 40s and offer a dividend yield of 1.5%.

## 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
2. Investing

### TICKERS GLOBAL

1. NASDAQ:OTEX (Open Text Corporation)
2. NYSE:GIB (CGI Group Inc.)
3. TSX:GIB.A (CGI)
4. TSX:OTEX (Open Text Corporation)
5. TSX:REI.UN (RioCan Real Estate Investment Trust)

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