Protect Yourself From Volatility With Fortis Inc., Telus Corporation, and Brookfield Asset Management Inc.

Description

If 2014 has taught investors anything, it's that Canada is a very risky place to invest our money. The country is heavily concentrated in three sectors – financial services, energy, and materials – that are prone to big booms and busts.

Two of those sectors have been in rapid decline this year, and the news could easily get worse. China's economy is on shaky ground, oil prices could easily get worse, and our country's citizens are heavily indebted. What should investors do?

In an interview with the Business News Network on Monday, prominent businessman Kevin O'Leary advocated for greater exposure to U.S. stocks, calling it "insane" that we hold so much money in domestic equities.

Mr. O'Leary makes a compelling case. But there are other ways to avoid the country's riskiest sectors. Below are three stocks to help you do just that.

1. Fortis

If you're looking for safe dividend stocks, look no further than **Fortis Inc.** (TSX: FTS), Canada's largest investor-owned distribution utility. The company has managed to raise its dividend every year for over four decades, which is the longest stretch of any Canadian public company.

How has the company achieved such consistency? Well, quite simply, Fortis sells a product – electricity – that we all need, even when the economy is doing poorly. That makes the company's revenue and profits particularly smooth.

And there is some good news: Fortis shares yield a healthy 3.3%, well above government bond yields.

2. Telus

Canada's big three telecommunications providers are another place to find stability in today's environment. This makes perfect sense – they compete in a market with limited players and really high barriers to entry. Just look at how much difficulty the new entrants have had.

By far the best-in-class player among the big three is **Telus Corporation** (TSX: T)(NYSE: TU). Telus has done a very good job making its customers happy, as evidenced by a 27% drop in its customer complaint count last year. Meanwhile, the number of complaints increased by 26% for the industry as a whole.

As a result, Telus has added more wireless subscribers than its competitors have, and its customers have been more loyal too. This all allows the company to grow its revenue faster than its rivals.

And at 3.7%, Telus's dividend yields even more than Fortis'. It should be a compelling option for any safety-first portfolio.

3. Brookfield

Brookfield Asset Management Inc. (TSX: BAM.A)(NYSE: BAM) may only give you a 1.1% dividend. But it's still a very good place to park your money.

Brookfield has a fantastic track record of investing capital, and this is reflected by its 19% annual shareholder return from 1994 to 2013. Better yet, there should be plenty of opportunities to buy assets in the future, as cash-strapped governments raise cash and banks deleverage.

All the while, Brookfield is very well-diversified by geography. So if you buy the shares, you're not really putting your eggs in one basket. If only we could say the same thing about the **S&P/TSX Composite**.

CATEGORY

1. Investing

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3. TSX:BN (Brookfield)
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