

3 Ways to Greece-Proof Your Portfolio

Description

The spotlight is pointed squarely at Greece after the country's citizens voted "no" in Sunday's referendum. The vote is a rejection of the austerity measures that Greece's creditors have imposed on the country and opens up a world of uncertainty—not just for Greece, but for Europe as a whole.

Around the world, the reaction has been fairly muted thus far. There is some hope that a compromise will be reached after the combative Greek Finance Minister Yanis Varoufakis resigned on Monday. But make no mistake—this could easily get a lot worse, and the euro's future may even be in jeopardy.

If you think that Canada is insulated from the mess, you should think again. Europe's troubles have wide-ranging effects on trade balances, oil prices, and exchange rates. On that note, here are three ways to shield yourself from this mess.

1. Go for solid dividends

Whenever companies pay really solid dividends, their stock prices tend to be less volatile. This should make perfect sense, since income-focused investors aren't going to panic when stock prices fall.

And if you're looking for ultra-safe dividends, the Big Three telecommunications companies are likely the best place to start. They operate in a very cozy industry, one characterized by high barriers to entry, limited competition, and subscription-based pricing.

Telus Corporation ([TSX:T](#))([NYSE:TU](#)) is without doubt your best option. The third-largest of the Big Three is also the most popular with its customers, and, as a result, has been stealing market share from its competitors. This is especially important these days as cellphone customers have more freedom to switch providers than ever before.

Best of all, Telus has a dividend yielding nearly 4%; not bad for a company that's quadrupled its dividend in the last decade.

2. Get out of energy

If you're holding stocks like **Suncor Energy Inc.** ([TSX:SU](#))([NYSE:SU](#)) or **Canadian Natural Resources Ltd.** ([TSX:CNQ](#))([NYSE:CNQ](#)), now might be the time to get out. Greece's troubles are very bearish for oil prices for a couple of reasons.

First of all, a struggling European economy is bad for oil prices. Secondly, investors are frantically selling their euros and buying U.S. dollars. And when the U.S. dollar goes up, energy prices tend to go down.

3. Bet on the U.S. dollar

Speaking of the U.S. dollar, now may be the perfect time to bet on the greenback. The best way to do this is by buying American-listed stocks. This doesn't necessarily mean buying American businesses;

most of Canada's top companies have a U.S. listing as well.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:CNQ (Canadian Natural Resources)
2. NYSE:SU (Suncor Energy Inc.)
3. NYSE:TU (TELUS)
4. TSX:CNQ (Canadian Natural Resources Limited)
5. TSX:SU (Suncor Energy Inc.)
6. TSX:T (TELUS)

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