Sure Dividend International

INVESTING IN NON-U.S. HIGH QUALITY DIVIDEND SECURITIES

January 2018 Edition

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Opening Thoughts
- Introducing Sure Dividend International -

There's no question that the United States is filled with high quality dividend growth securities. The relative importance of the United States' economy – and businesses – versus the rest of the world is slowly declining. Simply put, it's a big world out there. Focusing only on one country leaves many quality dividend security investment opportunities unexplored.

That's why we are excited to release the first edition of the Sure Dividend International Newsletter in January of 2018. This is a big step forward in the breadth and depth of our research. We want to thank the readers who have been with us for years, as well as those who are just starting their dividend growth journey.

You can expect detailed analysis on undervalued dividend growth securities likely to exhibit superior total returns and dividend payments over the long run. We take a slightly different approach with Sure Dividend International versus our other newsletters.

International data is available (and we use it heavily), but it does not capture the full risk profile and investment merits of individual international securities. That's why we take a hybrid approach with Sure Dividend International.

First, we rank a database of around 1,000 international securities from all over the world that have, at minimum, reasonable dividend yield and payout ratio data available. We rank these securities over a variety of metrics that have historically either improved returns or reduced risks.

We then analyze the highest ranked securities qualitatively to determine our Top 10. This two-step process helps to improve the overall quality of our rankings, so we can provide you with the best buy and sell recommendations possible. Because of the stricter qualitative controls in Sure Dividend International, long lists of international securities will not be included.

The end result is an analysis of our Top 10 international dividend growth securities every month. The Top 10 are arranged in order, with our highest ranked security first, and the lowest ranked last.

We also have a detailed tax guide which looks at the tax consequences of investing in various country's securities from the perspective of a United States investor, so this tax guide may not be useful for investors outside the United States. Tax consequences differ significantly according to a security's country of origin. In addition, we have a buying guide for our readers who are new to investing in international securities. That guide will show you how and where to buy international securities.

Finally, we have a selling guide that discusses *when* to sell, and a past recommendations guide that tracks the performance of our past recommendations. While Sure Dividend International is a long-term strategy, we do expect sells to occur (albeit rarely). When sells do occur, we will mention them in the Opening Thoughts section and cover them in depth.

Thanks for reading the inaugural edition of Sure Dividend International! Please email support@suredividend.com with any questions, comments, feedback, or suggestions for improvement. We look forward to hearing from you.

The International Top 10 – January 2018

Name	Country	Price[1]	Months	P/E	Yield	Payout	Growth
Aegon N.V	Netherlands	$7	1	7.7	4.3%	30%	2.9%
ITV	England	165p	1	10.2	4.7%	69%	17.6%
Dixons Carphone	England	195p	1	5.2	5.5%	67%	22.5%
Royal Mail	England	463p	1	10.3	5.2%	83%	16.7%[2]
Acea S.p.A.	Italy	€16	1	16.2	4.1%	72%	19.9%
Groupe Renault	France	€13	1	7.1	4.2%	30%	16.3%
Gazprom	Russia	149₽	1	3.6	5.9%	5%	-5.8%[3]
Inchcape	England	747p	1	11.4	3.5%	57%	10.8%
Blom Bank	Lebanon	$12	1	5.4	8.2%	50%	9.3%
Yanlord Land	Singapore	S$2	1	6.5	3.8%	15%	18.1%

Notes: *The 'Months' column shows the number of consecutive months a security has been in the Top 10. The 'Growth' column shows the lower of earnings-per-share (EPS) growth or dividend growth over the last 5 years. 'P/E' shows the company's earnings multiple as calculated in our written analysis (P/E ratio). 'Yield' and 'Payout' ratio data are provided by our data provider for international securities.*

The inaugural Sure Dividend International Newsletter covers securities from multiple countries, including the Netherlands, England, Italy, France, Russia, Lebanon, and Singapore.

As with our other two newsletters, we expect the Top 10 to be reasonably stable over time. Still, this newsletter may have more turnover within the Top 10 than either the Sure Dividend Newsletter or the Sure Retirement Newsletter. Securities that fall out of the Top 10 are *holds*, not *sells*. Selling occurs rarely; you will be notified in the newsletter whenever a sell recommendation occurs.

An equally weighted portfolio of the Top 10 has the following characteristics:

	Top 10	**MSCI ACWI Ex-U.S. Index**	**S&P500**
Dividend Yield:	4.9%	2.8%	1.8%
Growth Rate:	12.8%	5.3%[4]	7.4%[5]

[1] $ denotes U.S. Dollars, € denotes Euros, p denotes pence, ₽ denotes Russian Rubles, and S$ denotes Singapore Dollars.
[2] Earnings have declined noticeably since 2013, but dividends have increased by 20% per year over the last 4 years.
[3] Represents Gazprom's earnings trend since 2012. The company's dividends have increased by 7.6% (in rubles) during the same period.
[4] Based on the Index's annualized net return since inception.
[5] Based on the long-term annualized growth rate of the S&P 500.

Analysis of Top 10 Securities

AEGON N.V. (AEG)

Overview & Current Events

Aegon N.V. (hereafter Aegon) is a multinational life insurance, pension fund and asset management company headquartered in The Hague, Netherlands. The company's operations divided by profit contribution are: Life & Protection (28%), Personal Savings & Retirement (24%), and Pensions (45%). Aegon generates nearly 70% of its profits from the Americas, with ~2% coming from Asia and the remainder coming from Europe. Aegon shares trade on the Amsterdam Stock Exchange, but American Depository Receipts (ADRs) are available on the New York Stock Exchange under the ticker AEG.

In November, Aegon reported (11/9/17) financial results for the third quarter of fiscal 2017. The company's underlying earnings (a non-GAAP financial metric which excludes non-cash charges like real estate revaluations and hedging gains) increased by 20% to €556 million while its GAAP net income increased by 31% to €469 million. The company's strong performance on the insurance side was driven by favorable claims experience, higher fee revenue caused by favorable equity markets, and lower expenses (particularly in the U.S.).

On the asset management side of Aegon's business, the company experienced a 65% increase in gross deposits caused by exceptionally strong asset management inflows and U.K. platform deposits. The company's revenue-generating investments (which include general accounts, accounts for policy holders, and third-party accounts) totaled an astounding €816 billion at the end of the quarter, which gives Aegon a scale-based competitive advantage over its smaller peers. Aegon's full-year results through the end of 2017 should be considerably better than 2016 (a poor year by any standard).

Growth Prospects, Valuation, & Catalyst

Aegon has a target for €350 million of run rate savings by the end of 2018, which it is on pace to achieve. Also, Aegon has a very straightforward growth opportunity in the form of its undervalued shares. The company's shares are currently trading for an earnings yield of approximately 13%, which means that repurchasing its own stock for cancellation will generate tremendous value for its shareholders and improve its cash flow position by reducing its aggregate dividend payments. Unfortunately, Aegon does not have a history of share repurchases. The company's share count has risen by ~2.3% per year over the past decade, although this trend has reversed in the last two years.

We believe that Aegon will report earnings-per-share (EPS) of about US$0.90 in fiscal 2017, for which only one quarter remains unreported. The security currently trades hands at $6.90 for a price-to-earnings (P/E) ratio of 7.7. Although insurance companies usually trade at discounts to the broader stock market, Aegon's valuation is particularly attractive and is likely due to a very poor showing from the company in fiscal 2016 (when earnings-per-share totaled just US$0.16). Investors stand to be handsomely rewarded if Aegon's valuation reverts to its 10-year average P/E ratio of 10.9.

Key Statistics, Ratios, & Metrics

Reporting Currency:	Euro	**Dividend Yield:**	4.3%
Headquarters City:	The Hague	**This Year's EPS Estimate**:	$0.90
Headquarters Country:	Netherlands	**Current Stock Price:**	$6.90
Stock Exchange:	New York Stock Exchange	**Price-to-Earnings Ratio:**	7.7
Year Founded:	1993	**Market Capitalization:**	$13.0 billion


AEGON N.V (AEG:US) Dividend Yield History
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ITV plc (ITVPY)

Overview & Current Events

ITV is a British production and broadcasting company. The company creates and distributes high quality content across multiple platforms. ITV controls 47% of the UK television advertising market. The company operates in two segments: Broadcast & Online, ~70% of company EBITDA; and TV Studios, ~30% of company EBITDA.

Through the first 9 months of fiscal 2017, ITV saw studio revenue grow 9% while broadcast and online revenue declined 4%. The company also announced a 5% dividend increase in its mid-year report. Through the 1st half of fiscal 2017, adjusted earnings-per-share declined 9%. ITV's dividend is secure. The company will likely maintain a payout ratio well under 50% for fiscal 2017.

The company's decline in adjusted earnings-per-share through the first half of fiscal 2017 is due to unusually large gains booked in the prior year for *The Voice of China* (similar to the popular U.S. show *The Voice*), and greater investment. This is a temporary dip; ITV's long-term growth trend is positive.

Growth, Competitive Advantage, and Total Returns

The real story at ITV is a slow transition away from advertising revenue from the company's broadcast stations and towards revenue from the studios segment. Television viewership and advertising revenue is *slowly* declining. At the same time, *content consumption* is growing quickly, thanks to streaming. This creates strong tailwinds for content producers – ITV's studio segment. It also creates headwinds for the company's larger broadcast segment. Fortunately, ITV's management has proven it can deliver strong growth in this changing environment. Adjusted earnings-per-share have *more than doubled* since 2011, and have increased every year from 2009 through 2016. Studio segment revenue has grown at 17.9% a year since 2011.

The company's competitive advantage comes from the synergies between its two segments and its large size. The company invests more than $1.3 billion a year into content for its networks. The company-owned networks provide a guaranteed market for its created content. Strong studio brands and growing distribution across a variety of devices and platforms will help provide further growth.

We expect adjusted earnings-per-share growth to slow somewhat over the rapid growth of the past five years. With that said, adjusted earnings-per-share growth of 10% a year is quite possible. This growth combined with the company's 4.7% dividend yield creates expected total returns in excess of 14% a year before valuation multiple changes. In addition, ITV paid a special dividend in each of the previous five years. If the company pays a special dividend equal to its five-year average in fiscal 2017, that will add another 3.5 percentage points to returns.

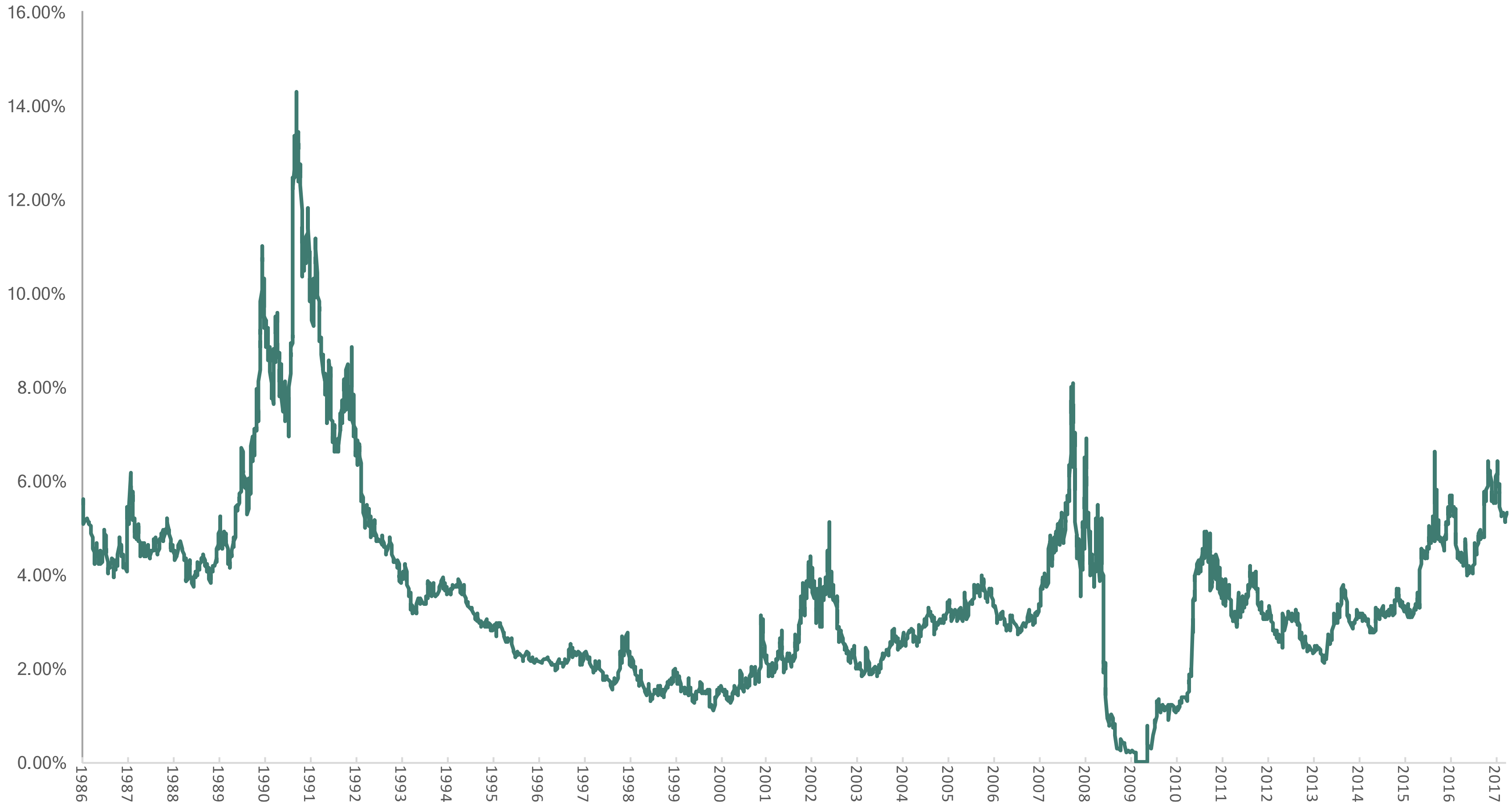
ITV is currently trading for a price-to-earnings ratio of just 10.2. The company appears significantly undervalued given its growth prospects, competitive advantage, and generous dividend policy.

Key Statistics, Ratios, & Metrics

Reporting Currency:	Pounds	**Dividend Yield:**	4.7%
Headquarters City:	London	**TTM Earnings-Per-Share**:	16.2p
Headquarters Country:	England	**Current Stock Price:**	165.38p[1]
Stock Exchange: OTC, London Stock Exchange		**Price-to-Earnings Ratio:**	10.2
Year Founded:	1955	**Market Capitalization:**	$9.3 billion

[1] ADR shares trade in USD. Shares were at $22.89 at the time of recommendation.

ITV (ITV:LN) Dividend Yield History



Dixons Carphone plc (DC.:LN[1])

Dixons Carphone is an international electronics and telecommunications retailer headquartered in London, United Kingdom. The company was formed in 2014 by the merger of Dixons Retail and Carphone Warehouse Group, and operates through a number of brands including Currys PC World, Carphone Warehouse, Elkjøp, Elkjøp Phonehouse, Elgiganten, Elgiganten Phone House, Gigantti, Lefdal Kotsovolos and Dixons Travel (which operates exclusively in airports). The company is known for its strong customer service brand 'Team Knowhow.' Dixons Carphone operates in 9 countries, has 41,000 employees who work at 2,139 stores, and generated £10.6 billion of sales in fiscal 2016-2017.

In December, Dixons Carphone reported (12/13/17) interim financial results for the first half of its 2017-2018 fiscal year. The company reported revenues of £4,868 million, which represents a year-on-year increase of 3% on a reported basis and 4% on a constant currency basis. On the bottom line, profit after tax of £46 million declined significantly from the £135 million reported in the prior year's quarter, but this includes a £58 million pre-tax charge from changes in receivables revaluations and insurance contract terms that were pre-communicated by Dixons in August. This significant accounting charge caused Dixons' earnings-per-share to decline to 4.0 pence, down from 11.7 pence in the prior year's quarter. While bottom line performance was troublesome, revenue trends were encouraging. We believe Dixons is positioned to succeed in a world that is increasingly driven by technology purchases.

Safety, Valuation, & Catalyst

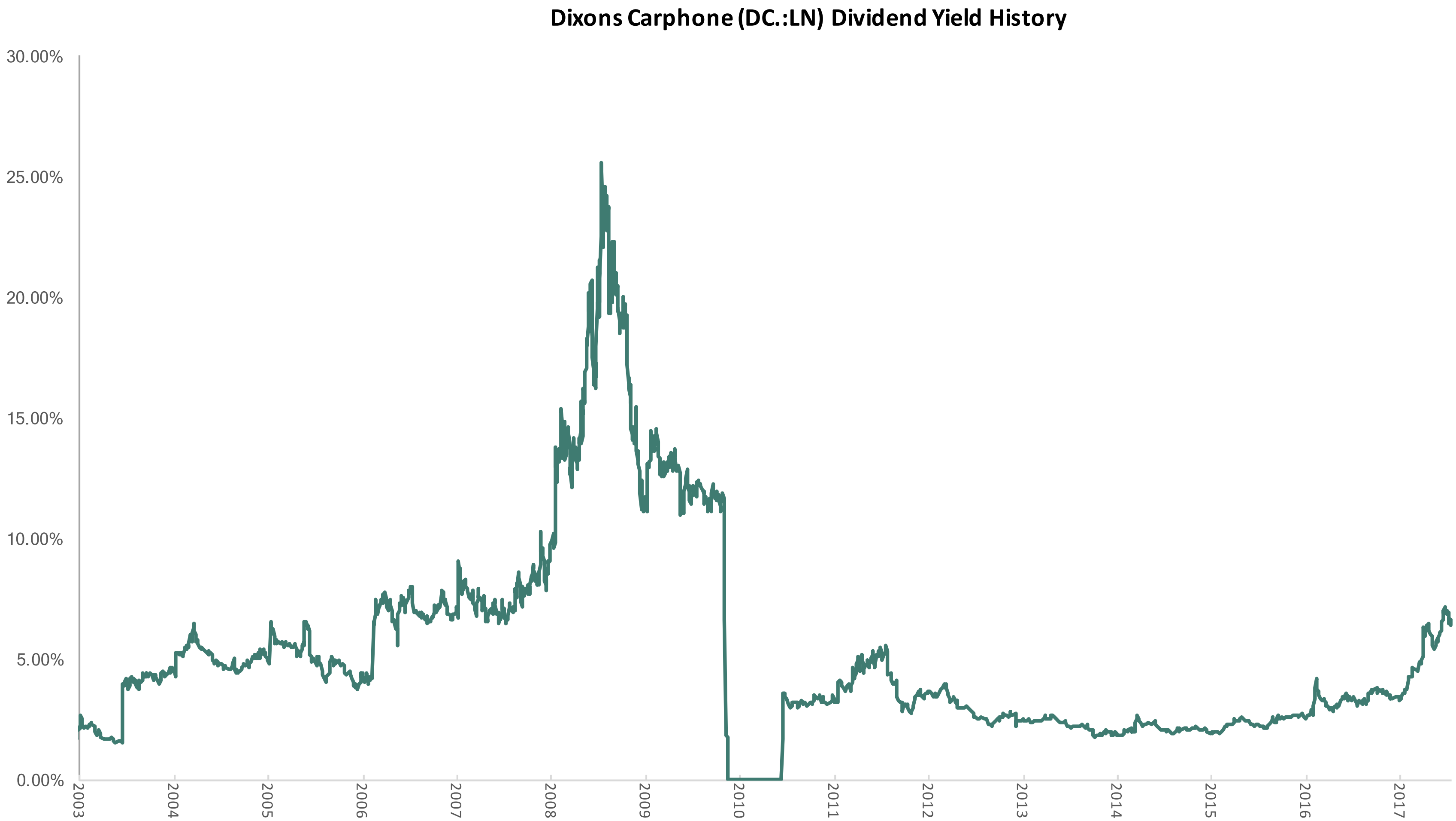
Dixons Carphone is one of the more conservative recommendations in the inaugural Sure Dividend International Newsletter. The company reported net debt of £206 million in its most recent reporting period and generated £169 million of free cash flow through the first half of fiscal 2017-2018. In other words, the company is on pace to generate enough cash flow in 2017-2018 to completely pay off its current debt (after accounting for its cash on hand). The company also has a unique combination of dividend yield, dividend growth and dividend safety. Dixons Carphone increased its dividend by 19% last fiscal year, sports a payout ratio of 72%, and yields more than 5%.

Dixons Carphone reported earnings-per-share of 33.8 pence in fiscal 2016-2017 (which concluded at the end of April), and has grown its earnings at more than 30% per year over the last 4 years. Applying a conservative growth rate of 10% to the company's 2016-2017 figure of 33.8 pence gives a 2017-2018 earnings-per-share estimate of 37.2 pence. Dixons Carphone is currently trading at 194.90 pence which implies a price-to-earnings ratio of 5.2. For an electronics retailer experiencing rapid growth, Dixons Carphone is trading at a very attractive valuation, and its very high dividend yield rewards investors who are willing to wait for price appreciation.

Key Statistics, Ratios, & Metrics

Reporting Currency:	Pounds	**Dividend Yield:**	5.5%
Headquarters City:	London	**This Year's EPS Estimate**:	37.2 pence
Headquarters Country:	United Kingdom	**Current Stock Price:**	194.90 pence
Stock Exchange:	London Stock Exchange	**Price-to-Earnings Ratio:**	5.2
Year Founded:	1937 (Dixons)	**Market Capitalization:**	$3.1 billion

[1] OTC shares are thinly traded and not suitable for recommendation. ':LN' refers to the London Stock Exchange.


Dixons Carphone (DC.:LN) Dividend Yield History
30.00%
25.00%
20.00%
15.00%
10.00%
5.00%
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Royal Mail plc (RMG:LN[1])

Overview & Current Events

Royal Mail is the designated Universal Postal Service provider in the United Kingdom (UK). The company also has large mainland European operations under the name General Logistics Systems (GLS), and small U.S. operations. The company operates in 2 segments; the previously mentioned GLS; and UK Parcels, International, & Letters (UKPIL). UKPIL is responsible for ~70% of the company's operating profits. Royal Mail was *founded in 1516* by the UK as a public service, went public in 2013 following the Postal Services Act of 2011, and the government sold its stake in 2015.

Royal Mail grew adjusted earnings-per-share 4.7% and revenue 2% through the first half of its current fiscal year versus the previous year. Growth was driven by a 23% adjusted operating profits increase in the company's GLS segment, partially offset by a 6% decline in the UKPIL segment. Investments to improve the business and 'Transformation costs' caused the decline in the UKPIL segment.

Competitive Advantage

The delivery business is prone to competitive advantages. The larger a delivery company gets, the more locations its network can delivery to quickly. Royal Mail is the market leader in the UK. The company's leading position allows it to invest profits back into improving its system and updating its technology. Improved efficiency leads to higher margins and bottom line growth.

Growth Prospects & Risks

Online shopping is a growth driver for Royal Mail. Online retail is expected to grow at 7% a year in the UK over the next 5 years. Additionally, Royal Mail is targeting productivity gains of at least 2% a year through the strengthening of its network with better technology.

The biggest risk facing Royal Mail is its underfunded pension obligations. The company is expecting pension costs of around $440 million in its current fiscal year. For perspective, the company had pre-tax adjusted profits of $774 million in its last full fiscal year. The company is negotiating with unions about the future of the pension plans after March of 2018. If negotiations go well, this will be a significant catalyst for the company. The pension situation alone does not pose a significant risk to Royal Mail as a going concern, but it is hampering growth.

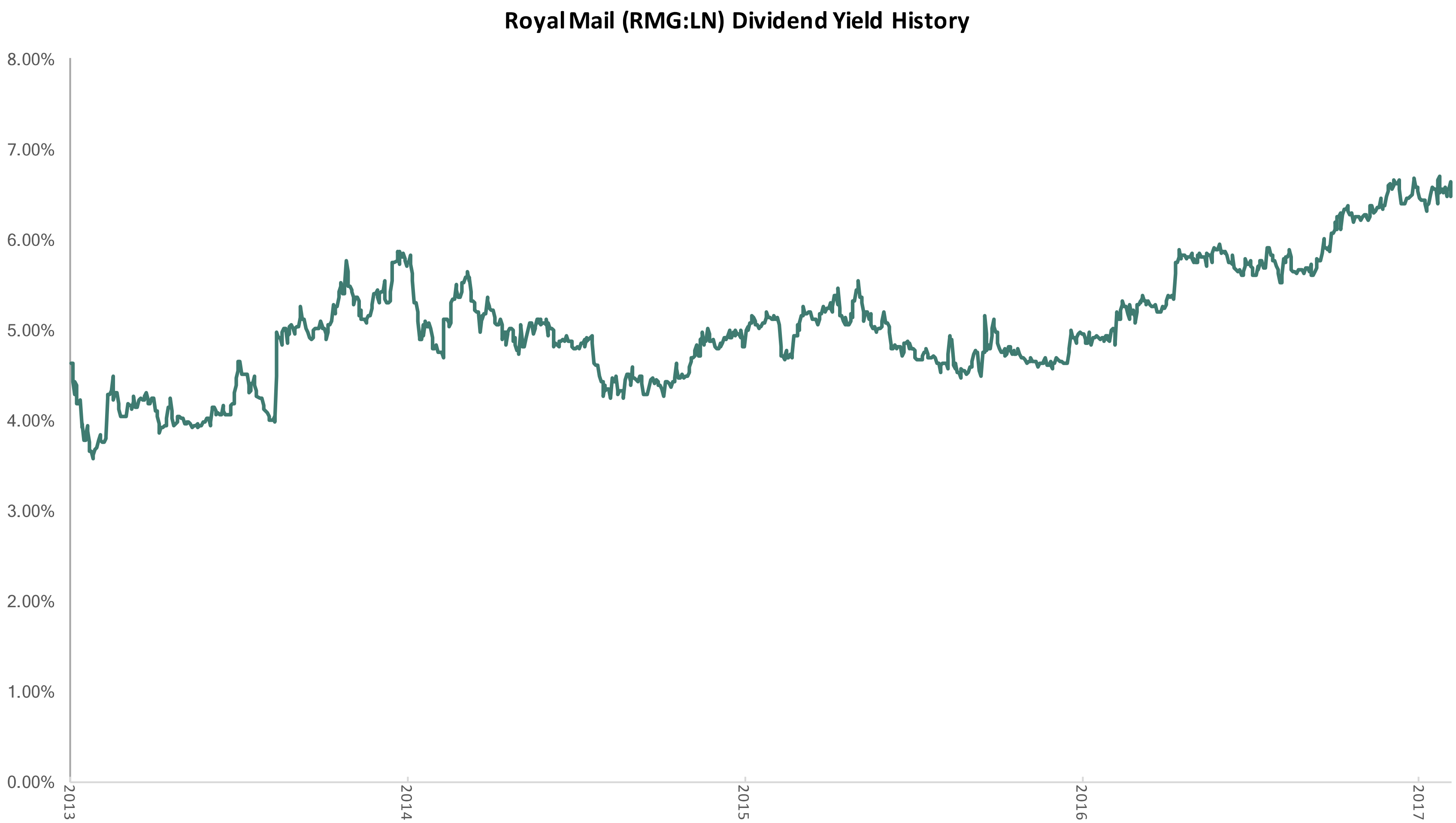
Valuation & Dividend Safety

Royal Mail is currently trading for an adjusted price-to-earnings ratio of just 10.3, *excluding pension costs*. The company has a payout ratio of just 53% using adjusted earnings. In reality, Royal Mail is really paying out the bulk of its cash flows as dividends. Despite this, the company's dividend is safe as it operates in a relatively stable industry and has a strong competitive advantage. The company's price-to-earnings ratio will likely increase as Royal Mail continues to work down its pension risks.

Key Statistics, Ratios, & Metrics

Reporting Currency:	British Pounds	**Dividend Yield:**	5.2%
Headquarters City:	London	**TTM Earnings-Per-Share:**	45.0 Pence
Headquarters Country:	England	**Current Stock Price:**	462.70 Pence
Stock Exchange:	London Stock Exchange	**Price-to-Earnings Ratio:**	10.3
Year Founded:	1516	**Market Capitalization:**	$6.4 billion

[1] OTC shares have average daily volume of ~$500,000. Investors buying under $5,000 of Royal Mail could consider investing in the OTC shares under the ticker ROYMY.


Royal Mail (RMG:LN) Dividend Yield History
8.00%
7.00%
6.00%
5.00%
4.00%
3.00%
2.00%
1.00%
0.00%
2013
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Acea S.p.A. (ACE:IM)

Overview & Current Events

Acea S.p.A. (hereafter Acea) is a large public utility headquartered in Rome, Italy. The company operates in five segments: Water, Energy, Networks, Environment, and Other Services. Acea is approximately 50% owned by the city of Rome and has a market capitalization of US$4.0 billion.

In October (10/27/17), Acea reported financial results for the nine-month period ending September 30. Consolidated revenues of €2,037.9 million decreased by 0.5% over the prior year's period. Acea's per-share profits declined to €0.72 from €0.95 in last year's quarter – a drop of 24.2%.

On the surface, this looks like a relatively poor quarter from this international utility stock. However, Acea's 2016 comparable figure was significantly impacted by a €76.5 million accounting change recorded after the elimination of certain regulatory requirements. Using the company's adjusted figures (which exclude this charge and other smaller figures incurred in the 2017 quarter), Acea's adjusted net profit of €173.4 million increased by 16.1% over the €149.4 million reported in 3Q2016. The company did not provide adjusted financial data on a per-share data, but it is encouraging to know that the company's year-on-year GAAP profit declines can be attributed to non-recurring charges.

More recently, Acea's Board of Directors approved (11/28/17) the company's 2018-2022 Business Plan. The plan includes infrastructure investments totaling €3 billion, of which €400 million will be innovation focused. Acea is targeting 6% annual growth in EBITDA, which implies €1 billion of EBITDA in 2020 and more than €1.1 billion of EBITDA by 2022. The company is also aiming to distribute €0.7 billion of dividends through 2022, with a payout ratio "constantly above 50%." Acea is also focused on reducing its leverage, with a goal of reducing its net debt to EBITDA ratio to 2.8x over the next four years (down from 3.0x at the end of fiscal 2017). Lastly, Acea is aiming to increase its efficiency and is targeting €300 million of cost savings over the period of the plan. Altogether, this business plan shows that Acea remains focused on investing in its business, reducing its financial risk, and rewarding shareholders through rising dividend payments moving forward.

Growth Prospects, Valuation, & Catalyst

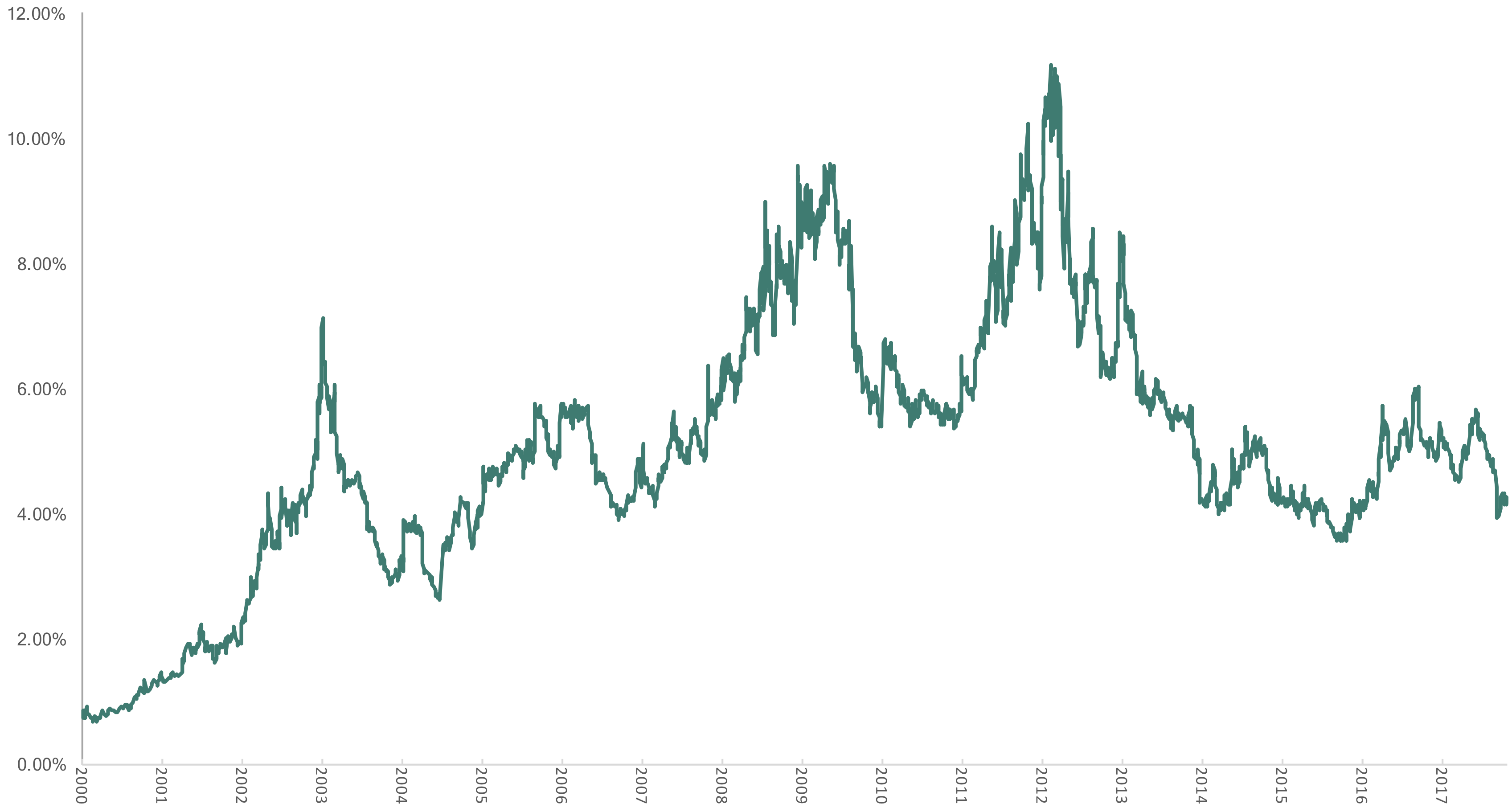
Acea's growth runway is multifaceted. The company's newly-released business plan (which is worth reading for prospective shareholders) explains how growth will come from tariff increases, organic growth, new plants, cost efficiencies, and mergers & acquisitions. Acea's €3 billion of planned capital expenditures through 2022 will certainly be a large contributor to growth in the near-term.

Acea has reported GAAP earnings-per-share of €1.00 for the trailing twelve-month period. The company's current stock price of €16.2 implies a price-to-earnings ratio of 16.2. While the company is not as cheap as some other recommendations in this newsletter, it has a higher degree of stability than certain other selections due to its presence in the regulated utility industry.

Key Statistics, Ratios, & Metrics

Reporting Currency:	Euro	**Dividend Yield:**	4.1%
Headquarters City:	Rome	**TTM Earnings-Per-Share**:	€1.00
Headquarters Country:	Italy	**Current Stock Price:**	€16.22
Stock Exchange:	Borsa Italiana S.p.A	**Price-to-Earnings Ratio:**	16.2
Year Founded:	1909	**Market Capitalization:**	$4.0 billion

Acea S.p.A (ACE:IM) Dividend Yield History



Groupe Renault (RNO:FP[1])

Overview & Current Events

Groupe Renault is a French automotive manufacturer founded in 1898. The company operates under several brands, including Dacia, AvtoVAZ, and Renault Samsung Motors. Renault's brands have no presence in the United States and are instead focused exclusively on international markets. Renault also owns RCI Banque, a small financing division; Renault Retail Group, a wholly-owned automobile distributor in Europe; and contributes to an operating partnership with Nissan and Mitsubishi. Approximately 96% of Renault's revenues are generated from vehicle sales. Renault's geographic sales breakdown is: France, 23%; Europe, 41%; Asia/Pacific, 11%; Africa/India/Middle East, 8%; Americas, 8%; and Eurasia, 8%. Renault sold 3.5 million vehicles in 127 countries in 2016, operates 36 manufacturing sites, and employs more than 120,000 people.

Last fall (10/24/17), Renault reported financial results for the third quarter of fiscal 2017. Quarterly unit sales increased by 9.4% to 866,233 while the company's global market share expanded by 0.2 points to 3.8%. Revenues of €11,584 million increased by 15.9%, and 12.2% at constant exchange rates. Although Renault does not share profit numbers on a quarterly basis, the company's revenue trend is encouraging and 2017 should be a strong year for this automotive manufacturer.

Renault also confirmed its guidance for fiscal 2017. The company expects to increase its revenues and operating profits on a constant currency basis while also generating positive free cash flow.

Growth Prospects, Valuation, & Catalyst

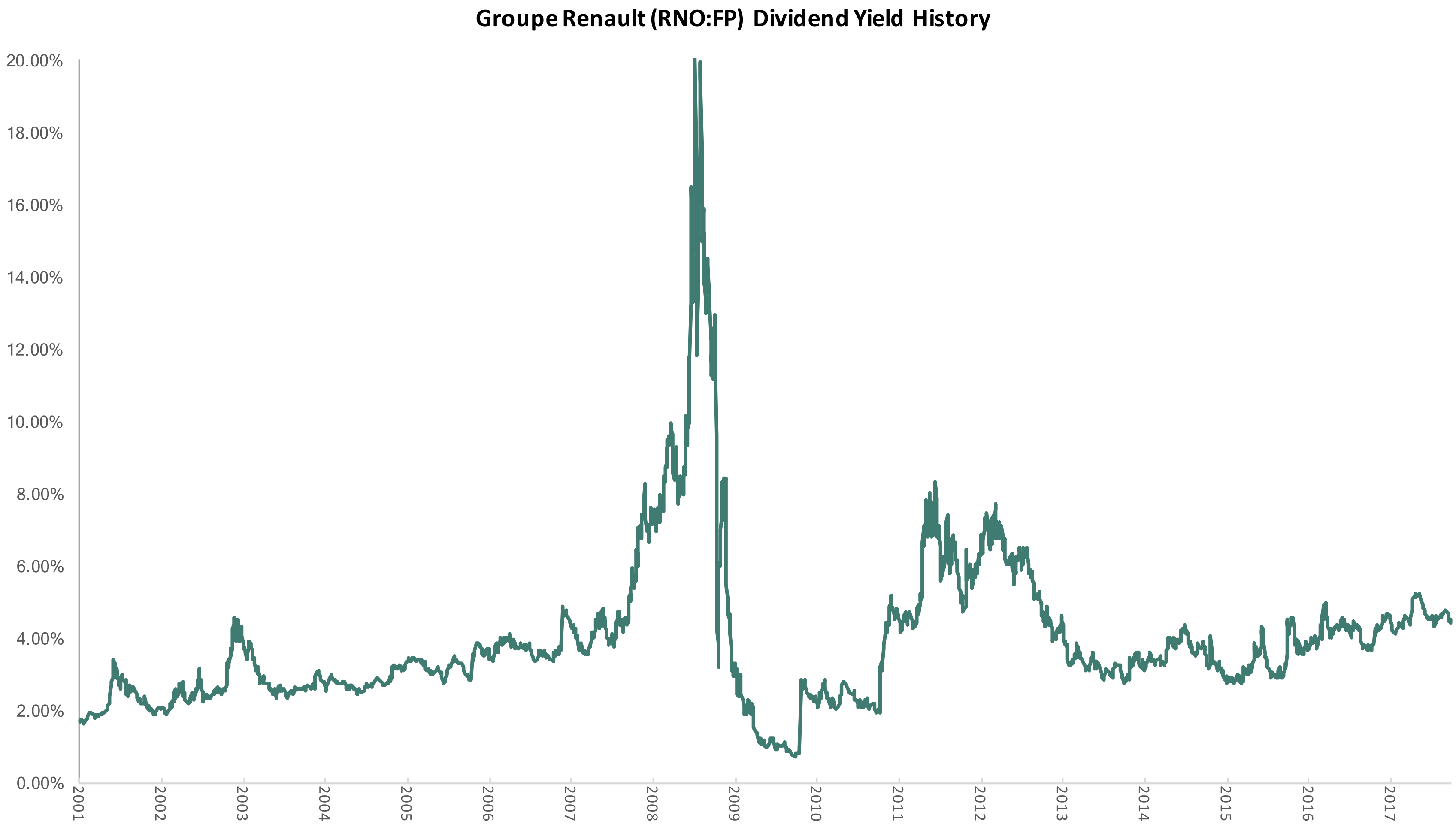
In January, Renault announced (1/9/18) that the Renault-Nissan-Mitsubishi automotive alliance will launch Alliance Ventures, a venture capital (VC) fund that will invest US$1 billion over the next 5 years in companies focused on *"new mobility, including vehicle electrification, autonomous systems, connectivity, and artificial intelligence."* This VC fund's global reach is somewhat unique and will appeal to startups that will benefit from such geographic diversification. Before that, Renault acquired a 40% stake in the Challenges media group, which owns five magazines: *Challenges, Sciences & Avenir, La Recherche, L'Histoire* and *Historia*. This price-undisclosed investment, is based on the belief that autonomous driving will result in more free time for drivers/passengers. The Challenges Group and Renault are aiming to develop relevant technology and content to meet this need.

Renault reported earnings-per-share of €12.57 in fiscal 2016 and the company's stock currently trades at €89.21 for a price-to-earnings ratio of 7.0. While Renault's valuation will likely remain below market averages because the automotive sector is viewed unfavorably, the company's low valuation allows investors to receive an above-average dividend yield of 4.2% combined with a low payout ratio (25% in fiscal 2016).

Key Statistics, Ratios, & Metrics

Reporting Currency:	Euro	**Dividend Yield:**	4.2%
Headquarters City:	Boulogne-Billancourt	**Last Year's Earnings-Per-Share**:	€12.57
Headquarters Country:	France	**Current Stock Price:**	€89.21
Stock Exchange:	Euronext	**Price-to-Earnings Ratio:**	7.1
Year Founded:	1898	**Market Capitalization:**	$30.0 billion

[1] OTC shares have average daily volume of ~$200,000. Investors buying under $2,000 of Groupe Renault could consider investing in the OTC shares under the ticker RNLSY.


Groupe Renault (RNO:FP) Dividend Yield History
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Public Joint-Stock Company Gazprom (OGZPY)

Overview & Current Events

Public Joint-Stock Company Gazprom (hereafter Gazprom) is the largest joint-stock company in Russia and is approximately 50% owned by the Russian Federation and other companies controlled by the Russian government. The company was founded in 1989 when the Soviet Ministry of Gas Industry was converted to a corporation. The company's activities are focused on the business of extracting, producing, transporting, and selling natural gas and oil. Up to 35% of Gazprom's shares outstanding are issued as American Depository Receipts (ADRs). One ADR represents two shares of Gazprom.

In November, Gazprom reported (11/29/17) financial results for the third quarter of fiscal 2017. Total net sales of 1,432 billion rubles increased by 14% over the prior year's period, while adjusted EBITDA of 356 billion rubles increased by 18% and net profit of 200 billion rubles increased by 96%. On the bottom line, Gazprom's diluted earnings-per-share of 9.07 rubles nearly doubled the 4.60 rubles reported in the prior year's quarter. However, the company's diluted earnings-per-share over the nine months through September 30 actually declined to 26.33 rubles (down from 31.24 rubles in 2016). Gazprom's business should continue to perform well in 2018. Last year was a particularly strong year for the company's natural gas exports to Europe and this trend is expected to continue moving forward.

More recently, the Gazprom Board of Directors approved (12/20/17) the company's investment program and financial plan for 2018. The overall amount of investments scheduled totals 1,278.8 billion rubles, with 798.4 billion rubles earmarked for capital investments, 41.0 billion rubles for the acquisition of new long-term assets, and 439.4 billion rubles for long-term financial investments. All said, this investment program totals approximately US$23 billion.

Growth Prospects, Valuation, & Catalyst

Gazprom reported earnings-per-share of 41.29 rubles in fiscal 2016 and the company's current stock price is 149.13 rubles which implies a remarkably low price-to-earnings ratio of 3.6. Similarly, low valuation multiples are observed relative to book value and revenues. This stock is astoundingly cheap; with that said, it has been a bargain for a very long time. Geopolitical risk is the likely reason why the markets refuse to assign a higher valuation to Gazprom. It would require a significant change in sentiment for Gazprom's valuation to meaningfully expand, which is only likely to occur if political and regulatory stability in the country of Russia improves.

Still, investors can realize attractive returns from Gazprom's dividend yield alone. The company's policy is to allocate 17.5% to 35% of net profits to dividends if certain financial reserves are established. Although this payout ratio is fairly low, it still results in a strong dividend yield when combined with the company's low valuation multiple. Gazprom has also committed to continue steadily raising its dividend in the years to come (see the investor relations slide on the next page).

Key Statistics, Ratios, & Metrics

Reporting Currency:	Rubles	**Dividend Yield:**	5.9%
Headquarters City:	Moscow	**Last Year's Earnings-Per-Share**:	RUB 41.29
Headquarters Country:	Russia	**Current Stock Price:**	RUB 149.13[1]
Stock Exchange:	OTC, Moscow Exchange	**Price-to-Earnings Ratio:**	3.6
Year Founded:	1989	**Market Capitalization:**	$51 billion

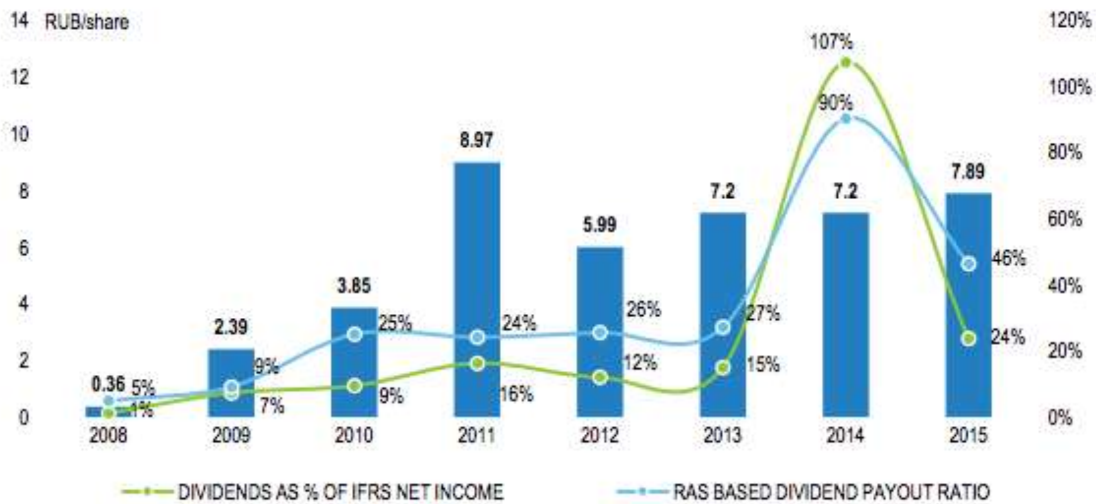
[1] ADR shares trade in USD. Shares were $5.22 at the time of recommendation.

GAZPROM

GAZPROM INVESTOR DAY 2017

DIVIDENDS

Dividend per share[1]

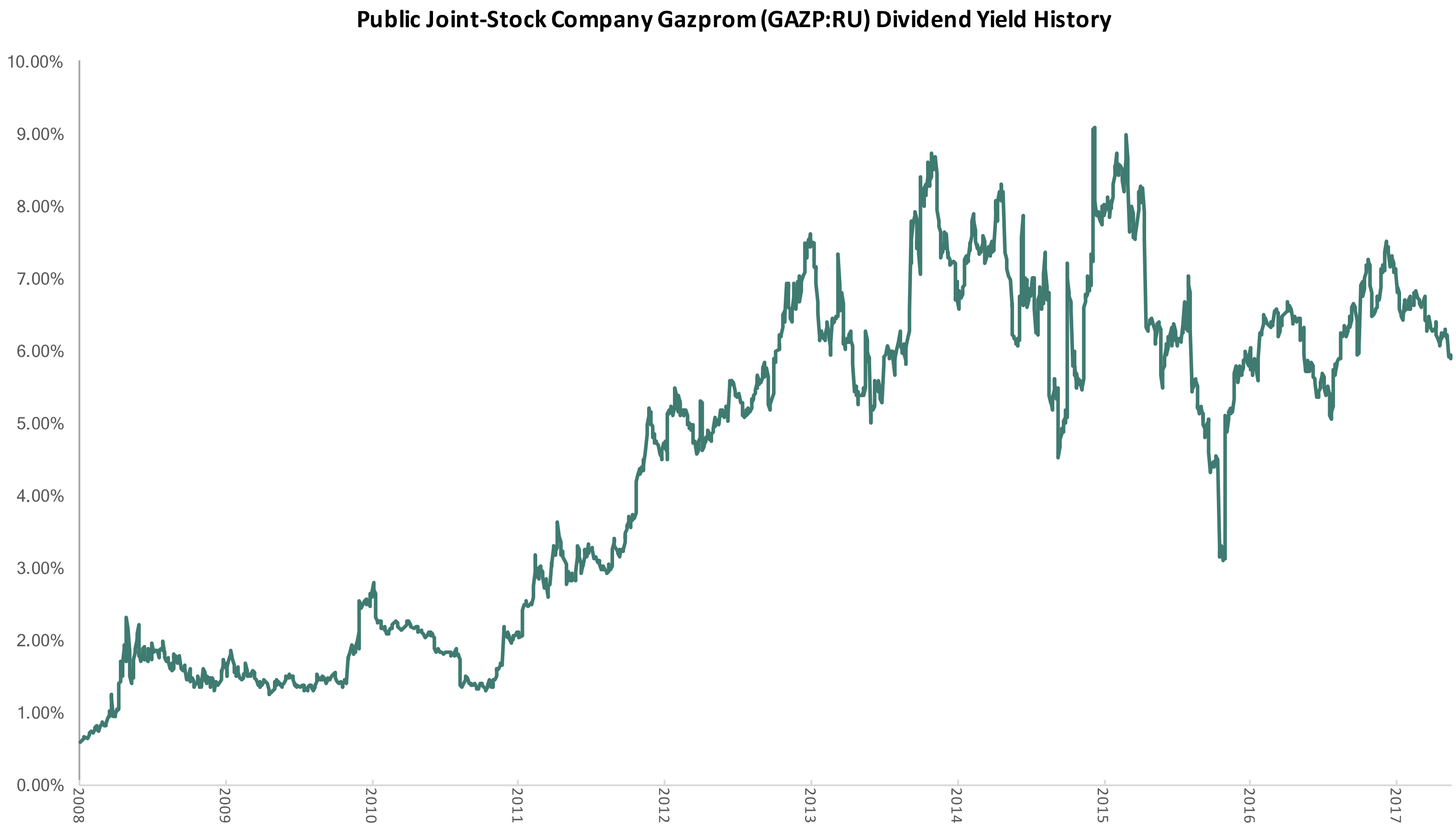


[1] *Dividend payout ratio = % of parent company net income based on Russian accounting standards*

- Management intends to keep DPS at least at the same level y-o-y or higher
- Balanced dividend approach considers:
  - shareholders return
  - financial position
  - long-term development of the Group

- 36% share price growth in 2016 (in USD)
- 43% total shareholders return (TSR) in 2016

Source: Gazprom Investor Relations


Public Joint-Stock Company Gazprom (GAZP:RU) Dividend Yield History
10.00%
9.00%
8.00%
7.00%
6.00%
5.00%
4.00%
3.00%
2.00%
1.00%
0.00%
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Inchcape plc (INCH:LN)

Overview & Current Events

Inchcape plc (hereafter Inchcape) is a global automotive distribution and retail company headquartered in London, United Kingdom and founded in 1847. The company operates in 29 markets, reported £7.8 billion in sales in fiscal 2016, and returned £200 million of cash to shareholders that year.

In late October, Inchcape reported (10/26/17) interim financial results for the three-month period ending September 30. Inchcape does not report *profits* on a quarter-by-quarter basis. Instead, these three-month updates provide information exclusively on top line performance. In the quarter, Inchcape's revenue of £2.30 billion increased 14.6% at actual currency and 11.3% at constant currency, but a significant component of this growth came from a sizeable acquisition in South America. Excluding the effect of this acquisition, revenue increased 9.4% at actual currency and 6.3% at constant currency. The company's strong revenue growth was driven by its Distribution segment, which saw revenue increase by 21.4% at constant currency. The Retail segment posted 3.6% constant currency revenue growth in the quarter.

On a geographic basis, Inchcape's growth performance was as follows: Asia, 5.8%; Australasia, 13.2%; UK & Europe, 1.8%; and Emerging Markets, 68.9%. The remarkable performance of the Emerging Markets segment was due to the aforementioned South American distribution acquisition, whose integration is going "according to plan." While we gained no insight into Inchcape's bottom line performance in the quarter, the company's revenue trends suggest that 2017 should be a strong year. For context, Inchcape *does* report profits in its first-half financial update. Earnings-per-share increased by 24% through the six-month period ending June 30, 2017. Double-digit earnings-per-share growth through the full year is highly likely.

Growth Prospects, Valuation, & Catalyst

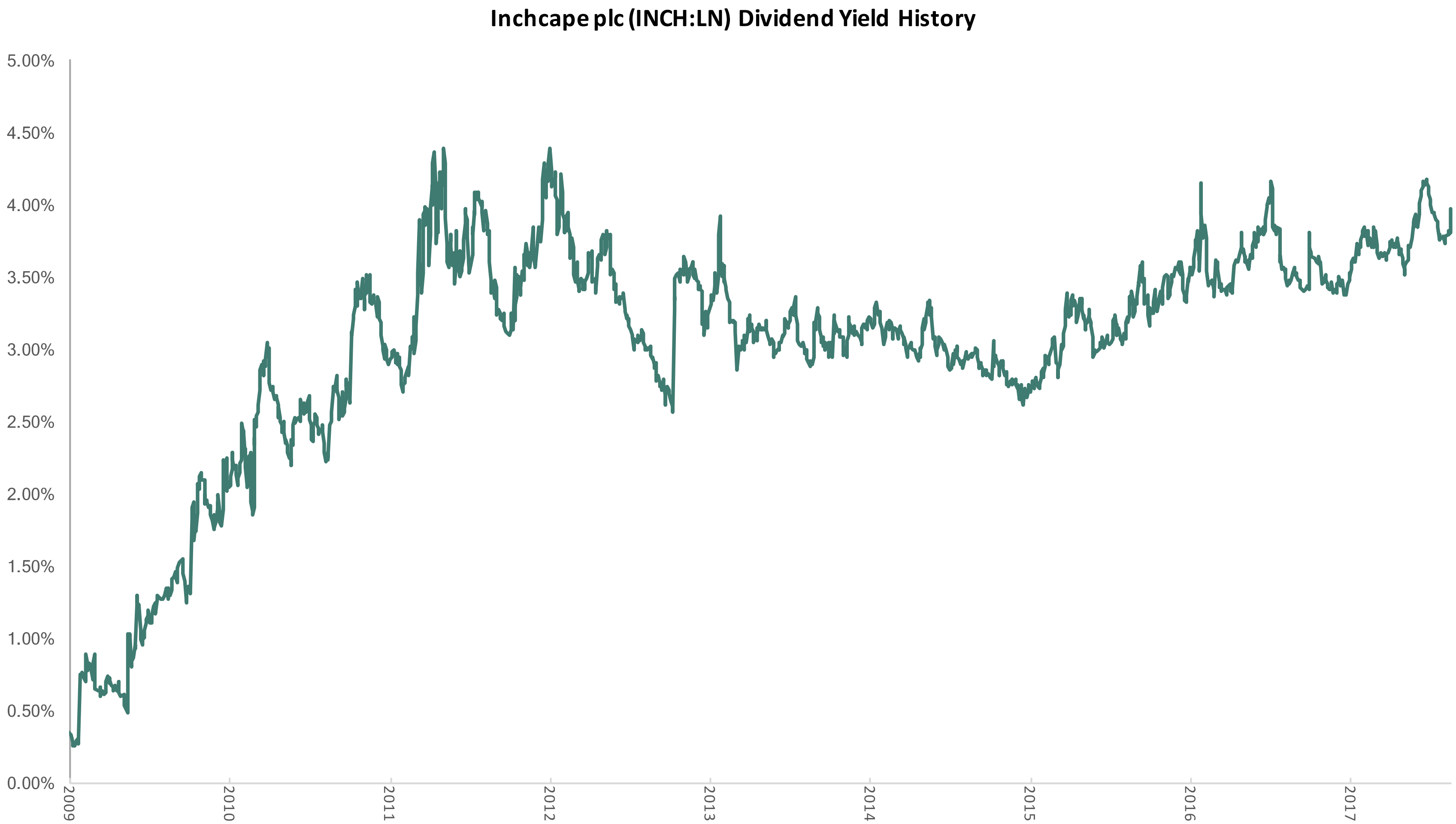
Inchcape's growth strategy is to continue its expansion into emerging markets. In late 2016, the company completed (12/22/16) the £234 million acquisition of a multi-country distribution business in South America focused on the Subaru and Hino brands. As mentioned, that purchase was the main reason why the company's Emerging Markets revenue grew by 68.9% in the most recent quarter.

Inchcape reported adjusted earnings-per-share of 59.6 pence in fiscal 2016. Applying a 10% growth rate to this figure (remember, the company grew its earnings by 24% through the first 6 months) gives a 2017 earnings-per-share estimate of 65.6 pence. Inchcape currently trades at a stock price of 746.50 pence, which implies a price-to-earnings ratio of 11.4.

Inchcape provides value and growth for investors who have grown impatient with the valuations present in the domestic stock market. With that said, we note that while the company's quantitative characteristics are very appealing, we may be at the wrong time in the business cycle to buy this stock. Inchcape's stock declined by an astounding 94% during the 2007-2009 financial crisis, although investors who purchased at the bottom would have realized a 10-bagger if they held on until today.

Key Statistics, Ratios, & Metrics

Reporting Currency:	Pounds	**Dividend Yield:**	3.5%
Headquarters City:	London	**This Year's EPS Estimate**:	65.6 pence
Headquarters Country:	United Kingdom	**Current Stock Price:**	746.50 pence
Stock Exchange:	London Stock Exchange	**Price-to-Earnings Ratio:**	11.4
Year Founded:	1847	**Market Capitalization:**	$4.4 billion


Inchcape plc (INCH:LN) Dividend Yield History
5.00%
4.50%
4.00%
3.50%
3.00%
2.50%
2.00%
1.50%
1.00%
0.50%
0.00%
2009
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2016
2017

Blom Bank (BLOM:LB)

Overview & Current Events

Blom Bank is the most profitable bank in Lebanon based on its 2016 profits of $463 million. The company has a presence in the following countries: Lebanon, Jordan, Egypt, UAE, Saudi Arabia, Qatar, Iraq, United Kingdom, France, Switzerland, Romania, and Cyprus. While the company has a growing international presence, ~80% of bank assets are located in Lebanon. Blom Bank was founded in 1951 and has managed to grow its earnings-per-share every year since 2008.

Blom Bank posted earnings-per-share growth of just 1% through the first 9 months of fiscal 2017 versus the same period a year ago. Growth was driven by an increase in net interest income, which was mostly offset by a decline in fee income. The acquisition of HSBC's 3 Lebanon branches in 2017 has also added to growth.

Growth Prospects

Blom Bank posted a return on assets of 1.6% in fiscal 2016 and is on pace to generate similar returns in fiscal 2017. This compares favorably to the return on assets of the large U.S. banks: JPMorgan Chase (JPM) 1.0%, Bank of America (BAC) 0.8%, and Wells Fargo (WFC) 1.0%. Additionally, Blom Bank has managed to grow its net income by 5.8% a year since 2010.

Growth is likely to moderate over the next several years due to a relatively sluggish economy in the Middle East. Still, Blom Bank should be able to generate earnings-per-share growth of 2% to 3% a year over the next several years.

Valuation &Total Returns

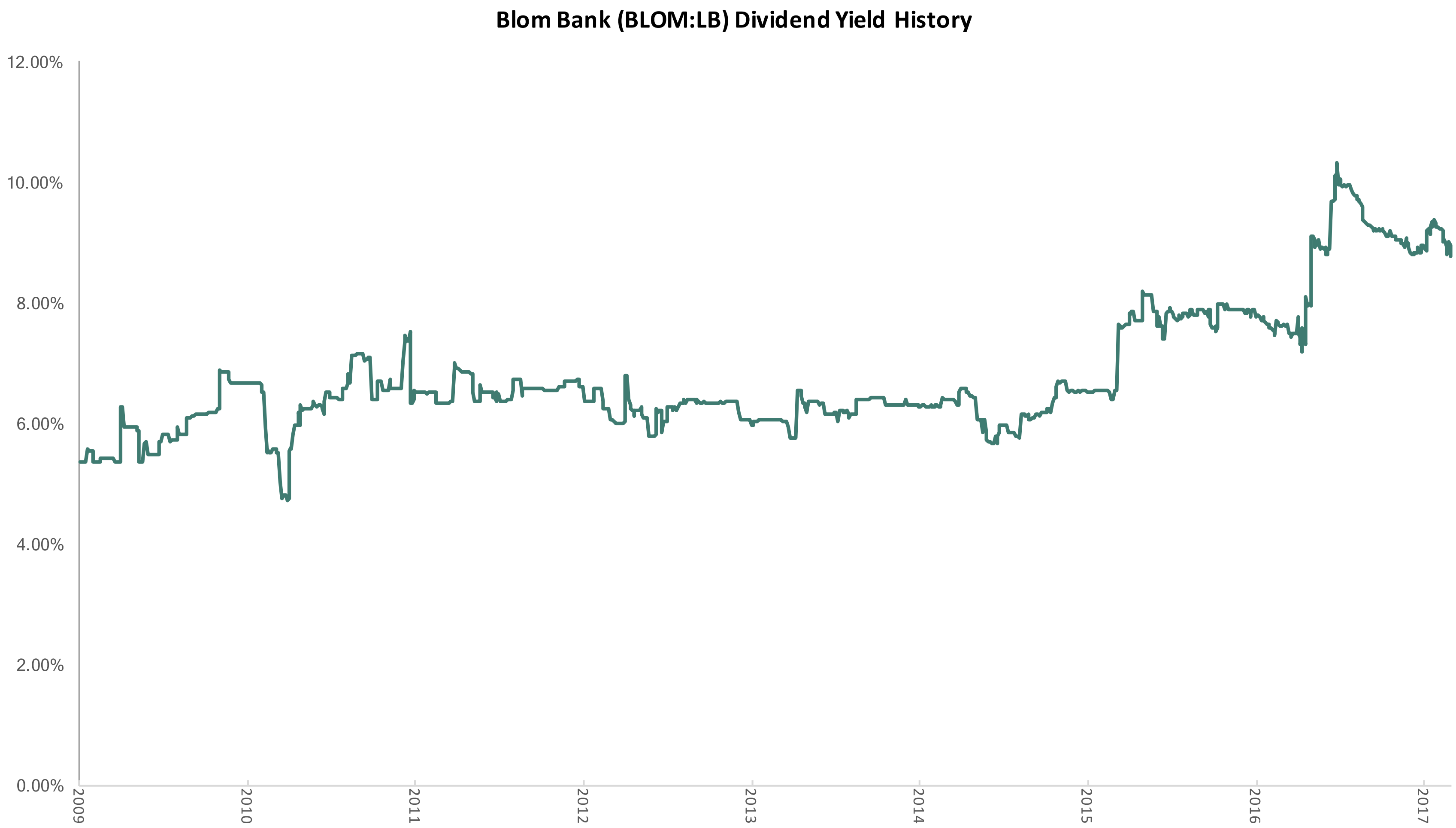
While growth is pedestrian at Blom Bank, the company's valuation and yield make it a compelling investment. The stock currently has a dividend yield of 8.2% and a price-to-earnings ratio of 5.4. For comparison, nearly all large U.S. and Canadian banks have price-to-earnings ratios above 10 and dividend yields around 4% or under. Blom Bank appears to be trading at around 50% of its fair value. This is without accounting for the company's excellent return on assets and return on equity. Blom Bank has not always traded for such low multiples. The company's average annual dividend yield was well under 6% each year from 2008 through 2013.

Blom Bank stock is likely depressed due to political instability in Lebanon. The country's (now former) Prime Minister Saad Hariri unexpectedly resigned. There is concern that Lebanon will be part of the battleground in escalating bids for power in the region between Saudi Arabia and Iran. Fears of war are causing the Lebanese economy's growth to slow.

While political instability is not a positive sign for Blom Bank, it has pushed the company's valuation into bargain territory. Moreover, the bank's dividend is well protected by earnings. Blom Bank has a payout ratio of just 44%. Investors in Blom Bank can collect the company's large dividend payments while waiting for the bank's valuation multiple to revert to more normal historical levels.

Key Statistics, Ratios, & Metrics

Reporting Currency:	Lebanese Pound, USD	**Dividend Yield:**	8.2%
Headquarters City:	Beirut	**TTM Earnings-Per-Share**:	$2.26
Headquarters Country:	Lebanon	**Current Stock Price:**	$12.10
Stock Exchange:	Beirut Stock Exchange	**Price-to-Earnings Ratio:**	5.4
Year Founded:	1951	**Market Capitalization:**	$2.6 billion


Blom Bank (BLOM:LB) Dividend Yield History
12.00%
10.00%
8.00%
6.00%
4.00%
2.00%
0.00%
2009
2010
2011
2012
2013
2014
2015
2016
2017

Yanlord Land Group Ltd (Z25:SP)

Overview & Current Events

Yanlord Land Group Ltd is a real estate developer focused on developing high-end integrated commercial and residential property projects in high-growth cities within the People's Republic of China. The company was founded in 1993 and trades on the Singapore Exchange with a market capitalization of $2.4 billion. Yanlord reports earnings in Chinese Renminbi.

Through the first nine months of 2017, Yanlord's revenue declined to RMB14,362.4 million from RMB15,762.5 million in the prior year's quarter. However, substantial margin expansion driven by steady increases in the average selling prices of its developments helped its bottom line perform far better. The company's net profit margin of 14.1% expanded considerably from the 7.3% reported in the prior year's nine-month period, while earnings-per-share of RMB104.46 nearly doubled from the RMB58.94 reported last year. All said, the first nine months of 2017 have been very strong for Yanlord and it continues to widely outperform its 2016 benchmark.

In December, Moody's Investors Service (12/4/17) downgraded Yanlord's backed senior unsecured rating to Ba3 from Ba2 – one of the highest credit ratings in the high yield ("junk bond") spectrum. The downgrade stems from the fact that the majority of Yanlord's liabilities are at the operating subsidiary level and have priority over parent company claims in a hypothetical bankruptcy scenario.

Previously, Yanlord announced (11/20/17) that it sold all of its 636 apartment units in the Oasis New Island Gardens location in Nanjing. The average price was approximately RMB36,000 per square meter and Yanlord required an 80% down payment of the total value on the date of purchase. Total pre-sales from the launch amounted to approximately RMB2.59 billion.

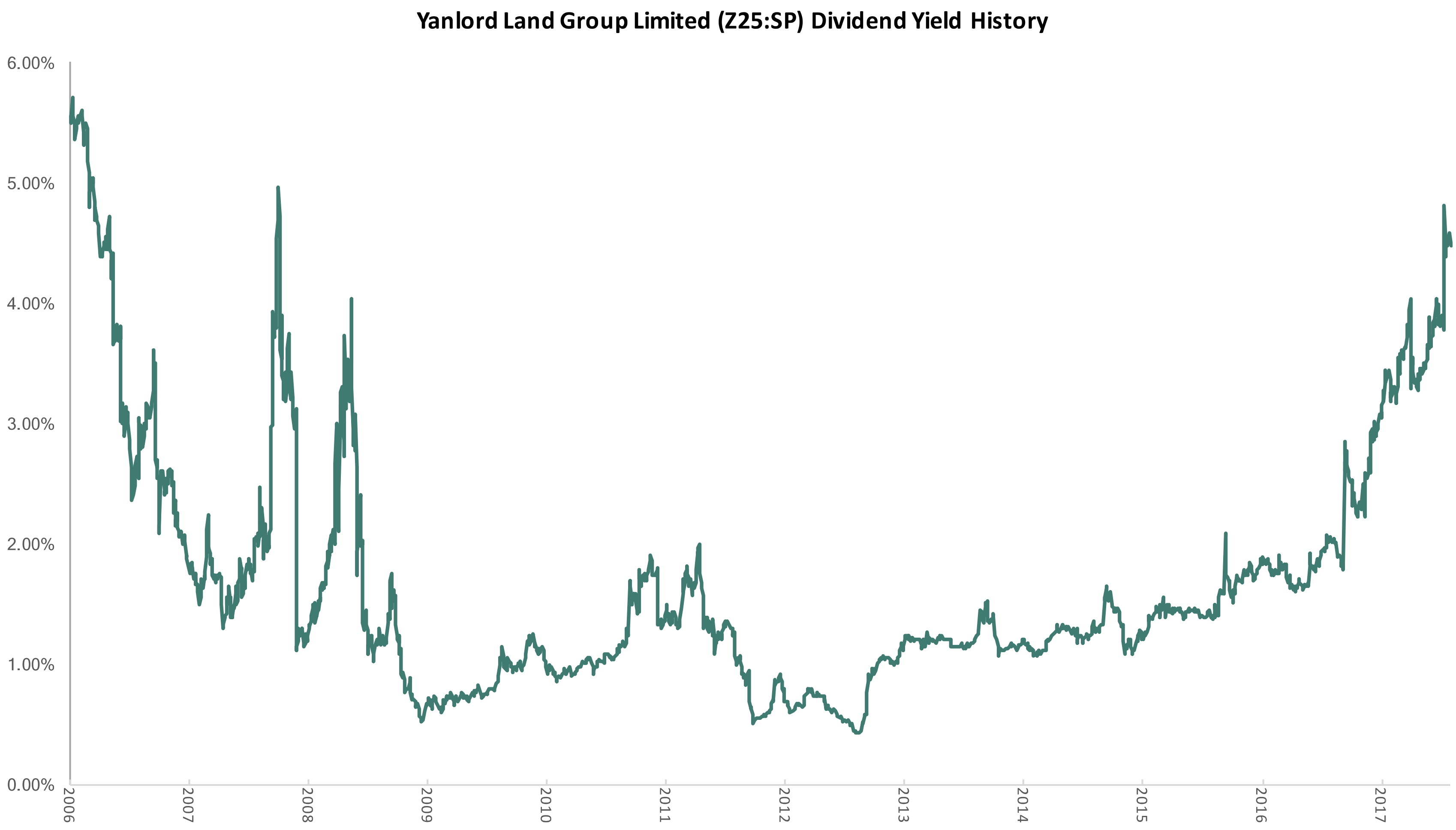
Growth Prospects, Valuation, & Catalyst

Yanlord's largest growth prospect is continued growth in China and the steady inflow of people into urbanized centers. Commenting on the rapid sellout of the company's Oasis New Island Gardens location, Yanlord's CEO said, *"Capitalizing on the positive buyer sentiment, we will continue to launch new projects that will cater to the demand of our discerning customers."*

While Yanlord reports financial results in Chinese Renminbi (sometimes called the yuan) it trades on the Singapore Exchange in Singapore Dollars (SGD). Accordingly, some foreign exchange conversions are necessary. Yanlord is on pace to report earnings-per-share of RMB139.28 cents in fiscal 2017 (which is likely a conservative estimate since the fourth quarter was Yanlord's largest quarter last year by a wide margin). Converting this to Singapore Dollars gives SGD0.28. The company's current stock price of SGD1.83 implies a price-to-earnings ratio of just 6.1. While international securities are, on average, cheaper than their U.S. counterparts, Yanlord's astoundingly low valuation may reflect its recent downgrade from Moody's and concerns that its performance will worsen if Chinese economic activity experiences a meaningful slowdown.

Key Statistics, Ratios, & Metrics

Reporting Currency:	Renminbi	**Dividend Yield:**	3.8%
Headquarters City:	Singapore	**This Year's Earnings-Per-Share**:	SGD0.28
Headquarters Country:	Singapore	**Current Stock Price:**	SGD1.83
Stock Exchange:	Singapore Exchange	**Price-to-Earnings Ratio:**	6.5
Year Founded:	1993	**Market Capitalization:**	$2.4 billion


Yanlord Land Group Limited (Z25:SP) Dividend Yield History
6.00%
5.00%
4.00%
3.00%
2.00%
1.00%
0.00%
2006
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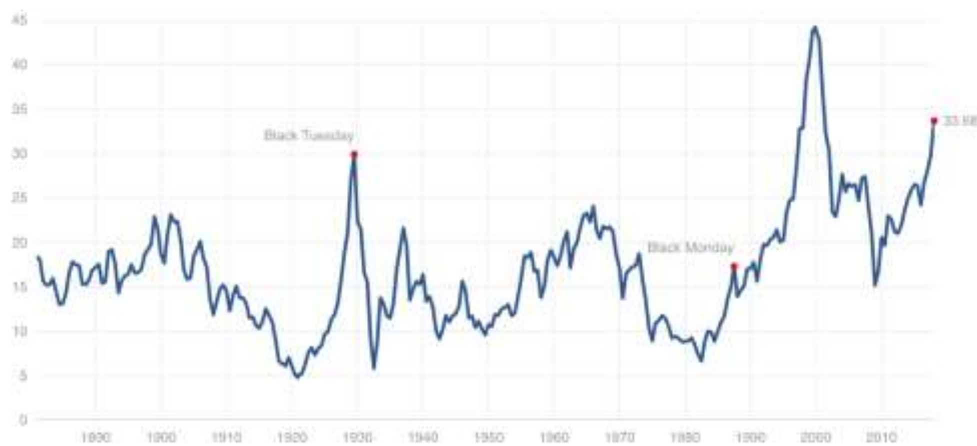
Closing Thoughts
– The Case for International Securities –

The Sure Dividend International Newsletter was created to identify high-quality international investment opportunities for dividend growth investors. The United States is currently responsible for approximately 24% of global GDP. About 76% of the world's economic opportunity lies outside of the United States.

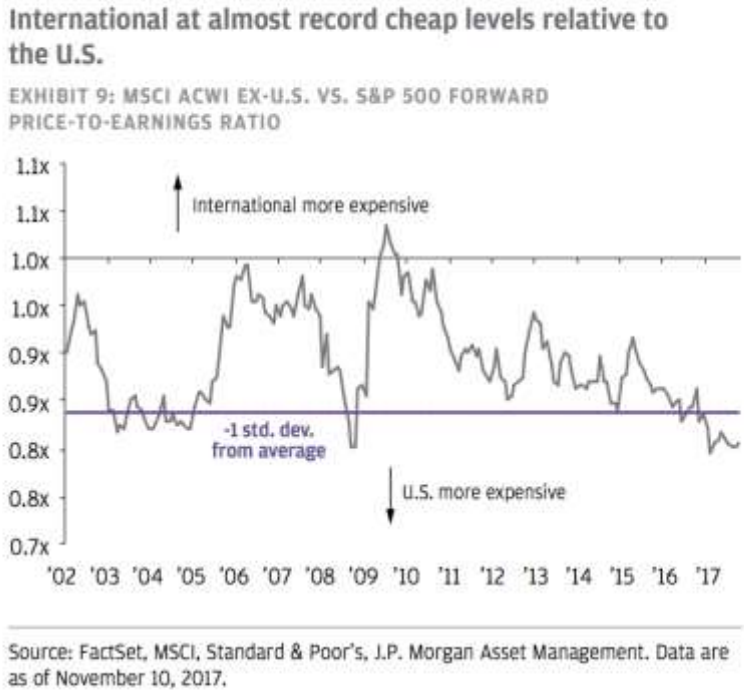
Another reason to invest internationally is the current state of the United States market. Today's U.S. stock market is unique, and different than at any other point in history. It is heavily weighted toward the information technology sector and trading at valuation multiples only exceeded during the dot-com bubble – which was followed by a period that saw the S&P 500 drop by approximately 50% over a 30-month time period.

The following image presents a time series of the Shiller price-to-earnings ratio (which divides the index's price by its average earnings over the past 10 years) for the S&P 500:



Source: multpl.com

It is clear that domestic equities are expensive. Conversely, the valuation of international equities is very attractive, particularly on a comparative basis. In fact, JP Morgan Asset Management has called the relative valuation of international securities "almost record cheap" at current levels. The following image compares the relative valuation of international securities to U.S. securities over meaningful periods of time, and illustrates the current cheapness of Ex-U.S. securities nicely.



Source: J.P. Morgan Asset Management

What does this mean for our forward outlook on security prices? We believe there is a very good chance that international securities will outperform U.S. securities over the medium term. There are two reasons for this. The first is the aforementioned valuation differences, and the second is the pace of earnings growth.

While many U.S. investors know the United States as a place of fantastic *historical* economic growth, the outlook for the future is not as bright. According to the 'Organisation for Economic Co-operation and Development' (OECD), here are the countries that are expected to grow their GDP at the fastest rates in 2018:

- India: 7.0% growth
- People's Republic of China: 6.6% growth
- Indonesia: 5.2% growth
- Turkey: 4.9% growth
- Iceland: 4.3% growth
- Slovenia: 4.3% growth
- Latvia: 4.2% growth
- Slovak Republic: 4.1% growth

Further down the list, we see:

- World: 3.7% growth
- United States: 2.5% growth

Similar trends hold beyond 2018. The United States' economy is expected to grow more slowly than the world average moving forward.

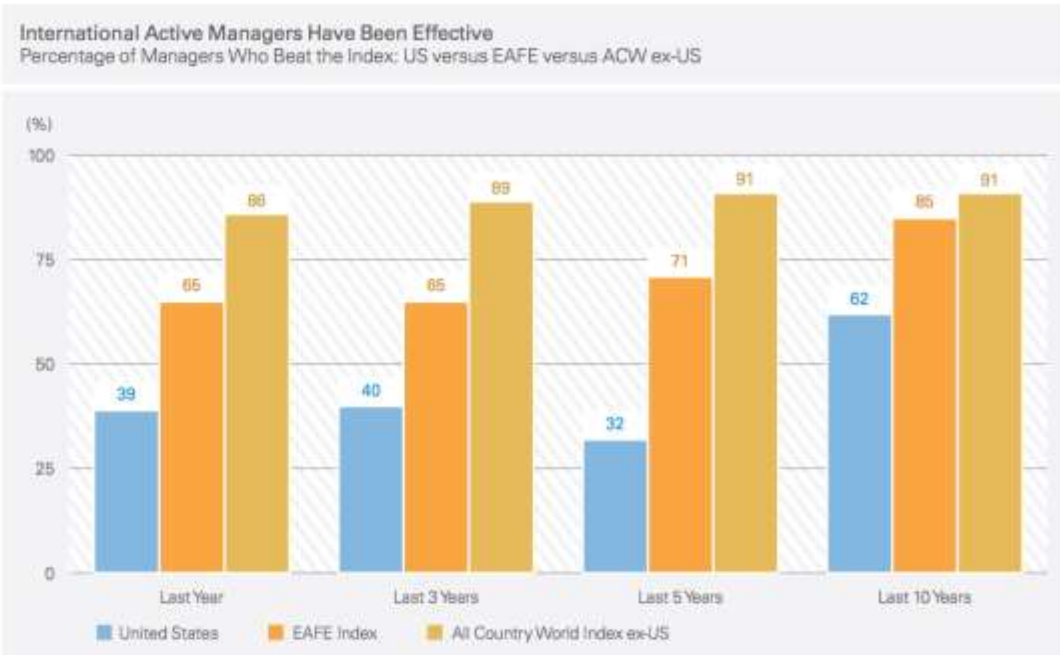
For investors, these economic growth trends mean that the "average" company in certain international countries should perform better than the "average" company in the United States (assuming these forecasts prove accurate). In other words, these forecasts suggest that the earnings-per-share of international companies should be growing faster than the earnings-per-share of United States companies. This is exactly the trend that we're beginning to see, reversing the decade-long fundamental outperformance of U.S. equities that began in approximately 2008.

Source: J.P. Morgan Asset Management

As we suspected, the fundamental performance of international equities (measured by per-share earnings growth) has been better than U.S. equities, on average.

With that said, we're not looking for "average" companies. The Sure Dividend International Newsletter aims to find the best dividend investment opportunities for self-directed investors.

Importantly, there is evidence that active portfolio management is even more useful in international markets than in domestic ones. A much higher proportion of active managers have outperformed their benchmarks in international markets when compared to those in the United States.



Source: Lazard Asset Management

In finance, ratios tend to revert toward their averages over the long-term. There tends to be periods of United States outperformance followed by periods of international outperformance, with the trend repeating itself several times every generation.

With that in mind, it is useful to compare the S&P 500's performance over the last few years to the performance of the MSCI ACWI Ex-U.S. Index:

	MSCI ACWI ex-U.S.	S&P 500 Index	Relative Performance
2017	27.19%	21.83%	-5.36%
2016	4.50%	11.96%	7.46%
2015	-5.66%	1.38%	7.04%
2014	-3.87%	13.69%	17.56%
2013	15.29%	32.39%	17.10%
2012	16.83%	16.00%	-0.83%

Calendar year 2017 was the first year since 2012 that international securities (as measured by the MSCI ACWI Ex-U.S. Index) outperformed domestic securities (as measured by the S&P 500). If history is any indicator, this trend could continue moving forward.

International securities are also intriguing for diversification purposes, as they exhibit low correlations with U.S. securities. The following image shows the long-term correlations between various international securities indices and the MSCI U.S. Index between 1990 and June 30, 2016.

Source: Lazard Asset Management

To summarize, there are several benefits to investing in international securities, including:

- Cheap relative valuations when compared to U.S. equities
- Attractive earnings growth, driven by GDP growth that exceeds the growth rate in the United States
- Appealing diversification for portfolios that are overweight U.S. equities (most portfolios)
- Opportunities to unlock value through active management and security analysis

Like any other investment strategy, investing in international securities poses risks. We would be remiss if we did not discuss them after such a lengthy discussion of the benefits of international investing.

The first risk associated with international investing is reduced access to information when compared to domestic securities. While this has improved dramatically over time thanks to widespread adoption of the Internet, it can still be difficult to find information on international securities (especially in emerging markets).

The second risk associated with international securities is a weaker legal system in overseas countries, particularly in emerging markets. Weak legal systems increase risk for investors by adding uncertainty as to whether justice will be served. While the U.S. is far from perfect in this regard, the legal system in the U.S. is more developed than in many other countries.

Together with the United States' strong legal system is the presence of the Securities and Exchange Commission (SEC), the watchdog that polices actions like insider trading, market manipulation, and other securities violations. In our view, the SEC is the strongest body of its kind *in the world*. Investors who buy international securities must understand that there is not as much regulatory protection for their investments. This ties in with political risk and war risk. The United States is safer than most other countries thanks to its military and geographic location. Investing in international securities exposes investors to potentially less-stable nations.

Language barriers are the third risk for international investors. With that said, the Sure Dividend International Newsletter will *never* recommend a security whose investor documents are not in English. If we can't understand a company's prospects, we aren't going to recommend it. This particular risk only applies to international investors who venture outside of this newsletter's recommendations.

Foreign exchange fluctuations are the fourth risk factor. In the most extreme case, an investor whose investment thesis was correct may well realize negative returns (when measured in U.S. dollars) if foreign exchange rates move against them in the short term. This risk is minimized through long holding periods, as fluctuations in exchange rates will likely be overcome by long-term growth in intrinsic value.

The last risk we'll discuss – which is more of a pain than a risk – is the withholding taxes and general tax complexity that international investors inevitably experience. In our view, a more complicated tax return is a worthwhile tradeoff if it provides an opportunity to invest in businesses in faster-growing economies with lower valuations, higher dividend yields, and attractive diversification characteristics.

These risks are real. However, the aggregate benefits of investing in international securities outweigh the risks when approached in an intelligent manner. This was the motivation behind our launch of the Sure Dividend International Newsletter. We will aim to unlock these benefits by conducting thorough and careful research of appealing international investment opportunities and sharing our results with you. Stay tuned for our future newsletters, which will publish on the third Sunday of every month.

If you have any questions or feedback on the inaugural Sure Dividend International Newsletter, we'd love to hear from you! Email us at support@suredividend.com.

The next newsletter publishes on Sunday, February 18th, 2018

Tax Guide

Most foreign countries don't require you to file a tax return if you hold/held securities from their country. Instead, dividends are withheld 'at the source.'

You will receive a 1099 statement at year end from your broker. Box 6 will show how much foreign tax is withheld. In most cases, you can get a foreign tax credit.

A tax credit is different from a deduction. Deductions reduce your taxable income, while credits are a dollar-for-dollar reduction in your taxes owed. You have the option of taking either a credit or a deduction. Credits are generally preferable.

The maximum foreign tax credit is equal to the lower of:

1. The tax you would've owed if the security was in the U.S.
2. The total amount of foreign tax paid

Additionally, the tax credit cannot be more than:

(Income from foreign sources / Total taxable income) x Total U.S. taxes owed

IRS form 1116 is used in these calculations, unless foreign dividend taxes are less than $300 (or $600 filing jointly). In the $300 and below case, you can enter the taxes paid directly onto your tax return as a tax credit.

If your foreign taxes due are higher than the amount of your would-be U.S. taxes, you can carry over the extra tax credit for up to 10 years. Note that the credit is against taxes *paid*. If you aren't paying taxes, you don't get the credit.

Retirement accounts do not accrue U.S. taxes, so you will not get a foreign tax credit if you use your retirement account to invest in international securities. The exception here is that some countries have tax treaties with the U.S. that waive foreign dividend taxes for U.S. retirement accounts.

In addition to dividend taxes, foreign countries *may* impose capital gains taxes as well. Fewer countries tax capital gains than dividends, but some do. Of course, the U.S. does tax capital gains, so you will have to pay the U.S. government any normal capital gains taxes owed.

The table below details the tax rates for all parent countries of current and prior Sure Dividend International recommendations.

Country	**Dividend Withholding Tax Rate**
Netherlands	0%[1]
United Kingdom	0%
Singapore	0%
Lebanon	10%
Russia	15%
France	15%[2]
Italy	26%

Taxation matters are subject to the individual. While we do our best to present the most accurate and up-to-date tax information, we recommend investors speak to a qualified tax expert to maximize tax reductions.

[1] The dividend withholding tax rate in the Netherlands was recently reduced to 0% from 15% (Source).

[2] Additional forms must be filed to get this tax rate (see here for more).

How To Buy International Securities

There are 2 primary ways to invest in international securities:

1. Through American Depository Receipts (ADRs)
2. Directly from a foreign stock exchange

ADRs come in 3 levels

Level I: Exempt from full SEC reporting, usually trade over the counter (OTC)
Level II: Report to SEC, can be listed on a major stock exchange
Level III: Same as level II, and the company can use public offerings to raise capital in the U.S.

Level I ADRs are the riskiest as they don't have to report to the SEC and they tend to be relatively illiquid with low trading volumes. Level II and III ADRs are similar to investing in other publicly traded securities on large exchanges. In general, you can tell the level of ADR by the ticker. A level II or III ADR will have a 'normal' 1 to 4 letter ticker. A level I ADR will have a longer ticker, usually 5 letters.

Our recommendation for investing in international securities is simple. If a level II or III ADR is available, it is the best way to invest in an international security.

If only a level I ADR is available, we *may* recommend it depending on its volume. Our rule of thumb is if average daily volume ~$1 million or more we will recommend the ADR. Depending on your account size, smaller volumes may be safe for you. As a general rule, never trade more than 5% of daily volume. Since other Sure Dividend readers will likely be making similar trades, we would prefer to use 1% of volume as a 'safe' level for liquidity. **When purchasing OTC shares, be sure to use limit orders as market orders could potentially be filled at unsatisfactory prices**. This corresponds generally to the top 200 or so most actively traded OTC securities. If volume is not sufficient, we will not recommend buying OTC shares.

If the level I ADR is thinly traded, or if no ADR exists, we recommend investing directly in the security via the security's home exchange. This can be done in two ways:

1. Opening a brokerage in the country of the security you want to buy
2. Enabling a global account with your current brokerage

It will quickly become unwieldly and time consuming to open brokerage accounts in multiple countries. Instead, we recommend enabling a global trading account with your current broker or switching to one that offers this service. Interactive Brokers, Fidelity, E*Trade, and Charles Schwab, among others, offer international trading.

The best ticker to invest in each of our Top 10 recommendations is included next to the name of the security on each respective analysis page. If the security is not available as an ADR, the exchange it trades most actively on will be included at the bottom of the company's analysis page.

Please email me at support@suredividend.com with any questions you have on the actual process required to purchase international securities. As a newsletter provider, we can't provide specific personal investment advice, only general information.

Selling Guide & Past Recommendations

Buying securities is only part of the battle. Knowing *when to sell* and *how long to hold* is critical to investing success. Sure Dividend focuses on investing for long periods of time. Our favorite investments are those that we don't have to sell.

With that said, there are 2 primary situations where it makes sense to sell:

Situation 1: If a security is significantly overvalued and total returns are likely to be mediocre going forward because of the excessive valuation.

Situation 2: If the company has lost its competitive advantage and is unlikely to generate adequate total returns for investors going forward.

We will periodically review all past recommendations to determine their status. As long-term investors, we prefer to err on the side of holding rather than selling. Sell recommendations will be covered in detail in the Opening Thoughts section of the newsletter.

Sell decisions are determined qualitatively, not quantitatively. We have chosen a qualitative approach as international securities tend to put less emphasis on increasing dividends every year. Additionally, valuations and business results fluctuate more widely with many international securities, making a qualitative approach more suitable.

This is the first Sure Dividend International Newsletter. As a result, there is no performance data for past recommendations. Performance data will begin with the February 2017 Sure Dividend International Newsletter.