Sure Dividend International

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

April 2018 Edition

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Opening Thoughts
-Why Corporate Tax Rates Matter-

Businesses grow by investing money into projects they believe will generate strong returns.

A few examples: Wal-Mart (WMT) will open new stores, Facebook (FB) will run experiments or buy other social networks, and Procter & Gamble (PG) will invest in advertising to build its brands. All of these activities cost money.

Businesses can get money from only 3 sources: through debt in all its various forms, by issuing equity (selling parts of the company), or through reinvesting earnings.

Debt has an obvious cost – interest. Equity issuance dilutes how much of the company shareholders own – also an obvious cost. Reinvesting earnings appears free at first glance.

Reinvesting earnings are not *actually* free for a company. Companies must pay corporate income tax. The lower the amount of taxes paid on earnings, the more money a company has to reinvest. Lower tax rates mean faster growth, all other things being equal. An example is below.

Imagine 2 companies that are identical except for where they are located; let's call them A Corp and B Corp. Both make $10 million a year in pre-tax profit. Both can reinvest their after-tax profits in projects that generate 20% annualized returns. A Corp is domiciled in a country with a 35% corporate tax rate. B Corp is domiciled in a tax-free country and has a 0% corporate tax rate. After a decade, how much more valuable will B Corp be than A Corp?

In 10 years, B Corp will have pre-tax and after-tax profits of $62 million per year. A Corp will have pre-tax profits of $34 million and after-tax profits of $22 million.

Think about that…even on a *pre-tax* basis, B Corp is nearly double the size of A Corp because its tax rate was 35 percentage points lower. That's the pre-tax basis. On an after-tax basis, the difference is even more extreme.

If we assign a 15x P/E multiple to each of these companies, B Corp would be worth around $930 million versus around $330 million for A Corp. The shareholders of B Corp would be nearly 3 times better off than A Corp. Clearly, corporate tax rates matter.

In fact, lower tax rates are a significant competitive advantage. In an industry where economies of scale matter, getting bigger faster reaps additional competitive benefits.

There are countless opinions on what a 'fair' corporate tax rate is, or on what corporations 'ought' to pay – and even if the corporate form should exist at all. For investors interested in returns, these discussions don't really matter.

What matters is investing in high-quality businesses and examining their expected total returns on a *per share, after-tax* basis. In the final analysis, tax rates are only one piece of the investing puzzle. They are however often overlooked, and they can make a large difference to shareholder returns over time. The *Closing Thoughts* section of this newsletter will list and briefly discuss the corporate tax rates of many of the larger nations in the world today.

The International Top 10 – April 2018

Name	Ticker	Mkt. Cap	Country	Price[1]	P/E	Yield[2]	Payout	Growth
Canadian Imper.	CM	$49 billion	Canada	$88	9.8	4.0%	47%	5.5%
ITV plc	ITVPY	$9 billion	England	$21	9.2	5.3%	74%	10.0%
Fortis Inc.	FTS	$14 billion	Canada	$33	16.6	3.5%	64%	5.0%
Aegon N.V.	AEG	$14 billion	Netherlands	$7	5.3	4.7%	33%	5.0%
Deutsche Tele.	DTEGY	$81 billion	Germany	$17	10.9	3.5%	51%	7.0%
Canadian Nat.	CNI	$56 billion	Canada	$75	17.9	1.6%	33%	6.5%
SK Telecom	SKM	$15 billion	S. Korea	$24	12.3	3.4%	54%	5.0%
Nissan Motor Co.	NSANY	$44 billion	Japan	$21	6.7	3.7%	22%	6.0%
Toyota Motor	TM	$190 billion	Japan	$129	10.3	2.5%	30%	5.0%
Tokio Marine	TKOMY	$33 billion	Japan	$46	13.1	2.6%	38%	5.0%

Notes: *The 'Growth' column shows expected growth over next several years on a per-share basis. We tend to be reasonably conservative in our growth estimates. 'P/E' (P/E ratio) shows the company's earnings multiple as calculated in our written analysis. 'Yield' and 'Payout' ratio data are provided by our data provider for international securities or calculated manually from company data.*

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. There were three new recommendations in this month's newsletter (SKM, TM, and TKOMY). We expect a similar level of turnover in the coming months.

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

	Top 10	MSCI ACWI Ex-U.S. Index	S&P500
Dividend Yield:	3.5%	3.0%	1.9%
Growth Rate:	6.0%	5.1%[3]	7.4%[4]
Exp. Total Return:	9.5%	8.1%	9.3%

Note: We are only recommending stocks with U.S. American Depositary Receipts (ADRs) and reasonable liquidity for easier purchasing. ADRs are publicly traded securities issued by a bank. The issuing bank holds shares of the underlying foreign stock. Each ADR gives the holder rights to a specific portion of shares of the underlying foreign stock held at the bank.

Note: Data for the rankings and Top 10 summary page is through the market close as of 4/12/18. Data elsewhere is from either near or after market close on 4/13/18.

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[1] Rounded to nearest U.S. dollar.

[2] After accounting for any applicable withholding taxes.

[3] Based on the Index's annualized net return since inception.

[4] Based on the long-term annualized growth rate of the S&P 500. The S&P 500 is unlikely to grow anywhere near its historical rates over the next 5 years due to its high valuation.

Analysis of Top 10 Securities

Canadian Imperial Bank of Commerce (CM)

Overview & Current Events

The Canadian Imperial Bank of Commerce – hereafter CIBC – is the fifth-largest financial institution in Canada behind the Royal Bank of Canada (RY), the Toronto-Dominion Bank (TD), the Bank of Nova Scotia (BNS), and the Bank of Montreal (BMO). The company trades on the New York Stock Exchange with a market capitalization of US$39 billion.

In late February, CIBC reported (2/22/18) financial results for the first quarter of fiscal 2018. Adjusted earnings-per-share of CAD$3.18 (US$2.53) increased by 10.0% over the CAD$2.89 (US$2.30) reported in the prior year's period. CIBC reported an adjusted return on equity of 18.8% - the highest among the Big 5 Canadian banks in the quarter (the peer group had an average ROE of 15.9% ex-CIBC). CIBC also announced an increase to its quarterly dividend payment. The new dividend of CAD$1.33 (US$1.06) represents a 2.3% increase from the prior dividend of CAD$1.30 (US$1.03). While a 2.3% increase may not seem like much, CIBC tends to hike its dividend twice per year and has grown its dividend at a compound annual rate of 7.2% (in Canadian dollars) over the last five years.

Growth Prospects & Expected Total Returns

CIBC's future growth will be driven by its expansion into the United States banking market. While the financial institution was the slowest among the Canadian Big 5 to expand internationally, last year's US$5.0 billion acquisition of Chicago-based PrivateBancorp (PVTB) – which operates as The PrivateBank – gives the company a foothold in the important U.S. economy. We expect CIBC to continue its expansion into the United States through both organic growth and bolt-on acquisitions.

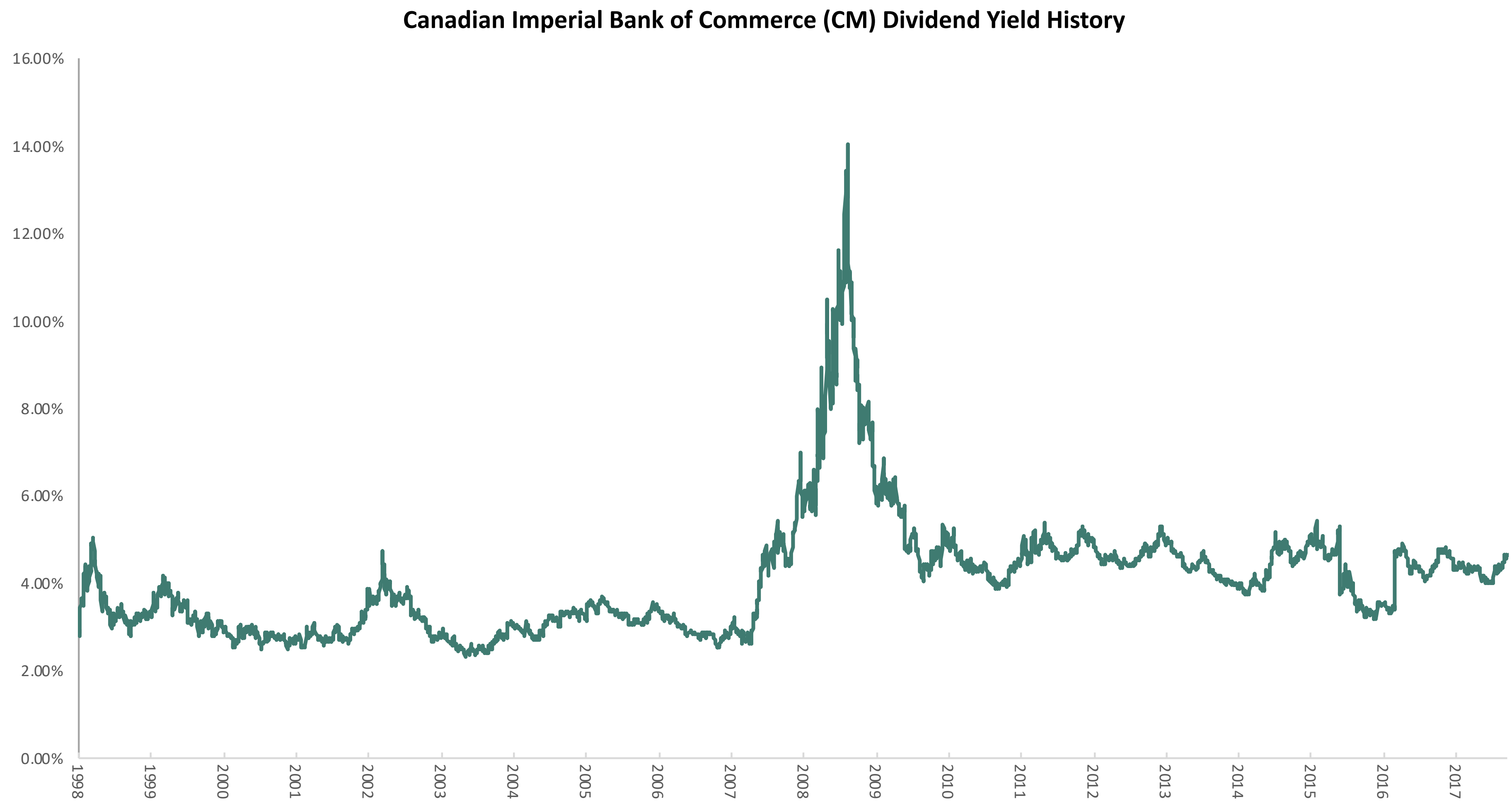
CIBC reported diluted earnings-per-share of CAD$11.24 (US$8.93) in fiscal 2017. The bank's NYSE-listed shares (CM) currently trade hands at about $88, which implies a price-to-earnings ratio of 9.8 – lower than most banks in either the United States or Canada. While CIBC tends to trade at a persistent discount to the other Canadian banks because of its weaker international exposure and slower historical growth, it also has a proportionately higher dividend yield. The company's 4.7% dividend yield is particularly attractive given the tax treaty between Canada and the U.S., which waives withholding tax in retirement accounts. Otherwise, a 15% dividend withholding tax reduces CIBC's net yield to 4.0%.

CIBC has compounded its adjusted earnings-per-share at 4% per year over the last decade and 7.5% per year over the last 5 years. The bank is capable of delivering mid-single-digit earnings-per-share growth moving forward. Combining this growth estimate with CIBC's current yield (after withholding tax, outside of a retirement account) gives high single-digit expected total returns before any potential valuation changes – which should only boost returns given the bank's low earnings multiple.

Key Statistics, Ratios, & Metrics

Reporting Currency:	Canadian Dollar	**Dividend Yield:**	4.0[1]%
Headquarters City:	Toronto	**Last Year's EPS**:	US$8.93
Headquarters Country:	Canada	**Current Stock Price:**	US$87.96
Stock Exchange:	TSX & NYSE	**Price-to-Earnings Ratio:**	9.8
Year Founded:	1867	**Market Capitalization:**	US$39 billion

[1] Canada imposes a 15% dividend withholding tax. However, the withholding tax is waived for U.S. investors who hold the stock in a qualified retirement account, such as a 401(k) or IRA. Excluding the withholding tax, the dividend yield would be 4.7%.


Canadian Imperial Bank of Commerce (CM) 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 content across multiple platforms. ITV has the leading position in its industry, thanks to its scale. 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).

On 3/1/18, ITV reported fourth-quarter and full-year 2017 financial results. Revenue increased 4.4% in the fourth quarter versus the same quarter a year ago. Revenue rose 4% for the full year, driven by 13% growth in studio revenue. Online, pay and interactive revenue increased 7%, with double-digit growth online. ITV's dividend is secure. The company has a target dividend policy of distributing 50% of annual earnings, and it has proposed an 8% dividend increase for 2018.

Adjusted earnings-per-share declined 6% for 2017, but this was not due to poor operating performance. Instead, the decline in adjusted earnings-per-share was 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 higher investment spending. ITV's long-term growth trend is positive.

Growth, Competitive Advantages, 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. ITV has a long track record of producing growth, even when the operating environment becomes challenged. 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.

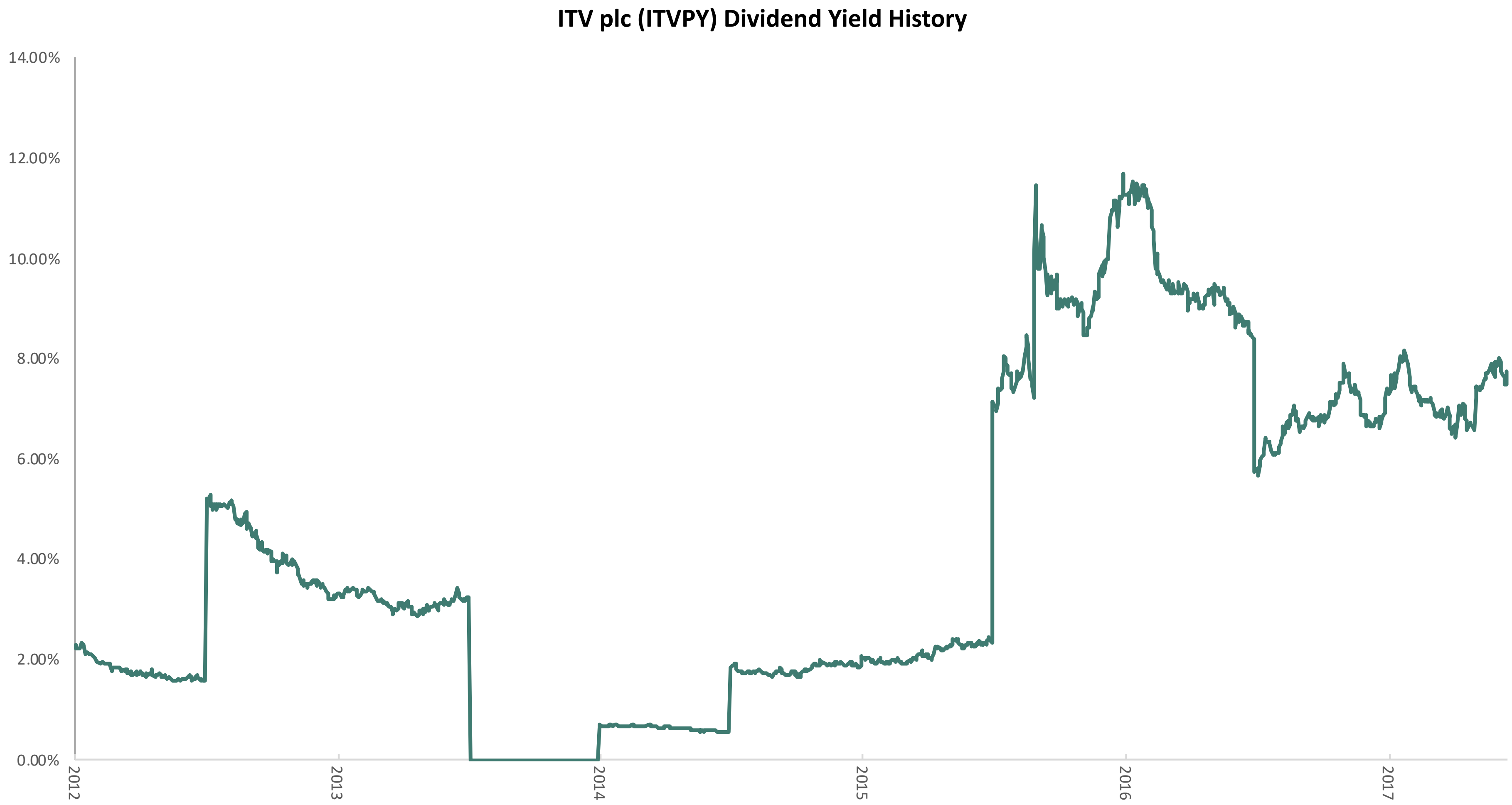
ITV's competitive advantage comes from the synergies between its two segments and its large size. The company invests more than $1.3 billion a year into content for its networks. Strong studio brands and growing distribution across a variety of devices and platforms will help provide further growth.

We expect adjusted earnings-per-share growth to slow somewhat over the rapid growth of the past five years. However, thanks to the company's leading industry position, high growth is still possible. We project 10% annual growth of adjusted earnings-per-share. This growth combined with the company's 5.3% dividend yield creates expected total returns in excess of 15% a year (there are no dividend withholding taxes for stocks headquartered in the U.K.).

ITV is currently trading for a low valuation. In 2017, the company earned 16 pence per ordinary share, or EUR1.60 per ADR (10 ADRs are equal to one ordinary share). In U.S. dollars earnings-per-share were US$2.28 last year. This means the stock is trading for a price-to-earnings ratio below 10. ITV appears undervalued, given its growth prospects, competitive advantages, and high dividend yield.

Key Statistics, Ratios, & Metrics

Reporting Currency:	Pounds	**Dividend Yield:**	5.3%
Headquarters City:	London	**TTM Earnings-Per-Share**:	US$2.28
Headquarters Country:	England	**Current Stock Price:**	US$21.00
Stock Exchange:	LSE & OTC	**Price-to-Earnings Ratio:**	9.2
Year Founded:	1955	**Market Capitalization:**	US$8.6 billion


ITV plc (ITVPY) Dividend Yield History
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Fortis Inc. (FTS)

Overview & Current Events

Fortis is Canada's largest investor-owned utility business with a market capitalization of US$14.1 billion. The company has operations in Canada, the United States, and the Caribbean. Fortis is cross-listed on both the Toronto Stock Exchange and the New York Stock Exchange, where it trades under the ticker FTS and benefits from one of the most appealing liquidity profiles in this month's newsletter. Fortis has increased its annual dividend for 44 consecutive years, trades with a current yield of 3.5% (4.1% before the 15% withholding tax applied by the Canadian government) and has "6% annual average growth planned through 2022".

In February, Fortis reported (2/15/18) financial results for the fourth quarter of fiscal 2017. In the quarter, adjusted earnings-per-share of CAD$0.62 (US$0.49) decreased by 2% over the CAD $0.63 (US$0.50) reported in the prior year's quarter. Full-year financial results were more favorable. Adjusted earnings-per-share of CAD$2.53 (US$2.01) increased by 10% over the CAD$2.31 (US$1.84) reported in fiscal 2016, primarily driven by the acquisition of the Aitken Creek and UNS Energy utility businesses and partially offset by an increase in the number of shares outstanding. The company paid CAD$1.625 (US$1.29) of dividends in fiscal 2017 and reported adjusted earnings-per-share of CAD$2.53 (US$2.01) for a payout ratio of 64%. Fortis also hiked its dividend by 6.25% last quarter.

Growth Prospects & Expected Total Returns

Fortis has historically grown by acquiring smaller utilities and integrating them into its network of operating subsidiaries. These acquisitions are important to Fortis' growth; for example, Fortis closed the US$11.3 billion of Michigan-based ITC Holdings Corporation in late 2016. Fortis' market capitalization *is only ~$14 billion*. Continued acquisition-based growth is likely.

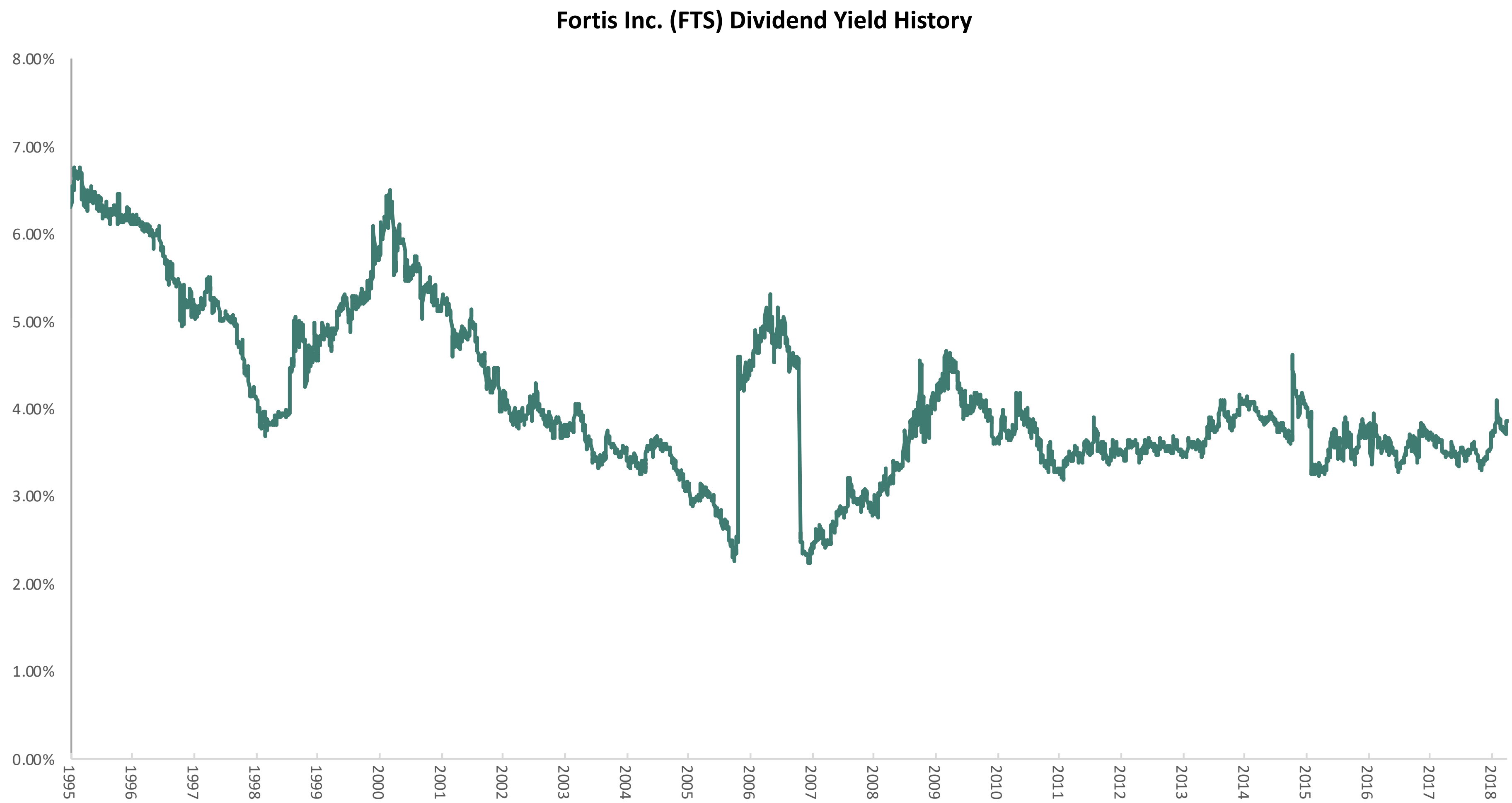
Fortis has grown its adjusted earnings-per-share by 13.1% per year over the past 3 years and 8.0% per year over the last 5 years. Looking ahead, we believe that the company's growth will be modestly lower because recent growth has been fueled by acquisitions. Still, 4%-6% growth is possible.

Fortis' recently-published fiscal 2017 earnings release delivered adjusted earnings-per-share of CAD$2.53 for the twelve-month period, equivalent to approximately $2.01 at prevailing exchange rates. The company's NYSE-listed shares currently trade for about US$33, which gives a price-to-earnings ratio of 16.6. For context, Fortis has traded at an average price-to-earnings ratio of about 19.6 over the last 10 years. The company appears to be undervalued. If Fortis' valuation can revert to 19 times earnings over the next 5 years, this will add nearly 3% to the company's annualized returns during this time period. In sum, Fortis' 3.5% dividend yield, 4%-6% earnings growth potential, and valuation potential give the company the capability to deliver double-digit returns for today's investors.

Key Statistics, Ratios, & Metrics

Reporting Currency:	Canadian Dollar	**Dividend Yield:**	3.5[1]%
Headquarters City:	St. John's	**Last Year's EPS**:	US$2.01
Headquarters Country:	Canada	**Current Stock Price:**	US$33.32
Stock Exchange:	TSX & NYSE	**Price-to-Earnings Ratio:**	16.6
Year Founded:	1885	**Market Capitalization:**	US$14.1 billion

[1] Canada imposes a 15% dividend withholding tax. However, the withholding tax is waived for U.S. investors who hold the stock in a qualified retirement account, such as a 401(k) or IRA. Excluding the withholding tax, the dividend yield would be 3.5%.


Fortis Inc. (FTS) Dividend Yield History
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Aegon N.V. (AEG)

Overview & Current Events

Aegon N.V. is a financial holding company. The company has a long operating history, which traces its roots all the way back to 1844. Today, it is one of the 10 largest insurance companies in the world. It provides insurance, pensions, and asset management services in 20 countries around the globe. It operates through the following segments: Americas; Europe; Asia; Asset Management; and Holding & Other Activities. The U.S. segment includes Transamerica, which Aegon acquired in 1999.

On 2/28/18, Aegon reported fourth-quarter financial results. Underlying earnings before tax decreased by 5% compared with the fourth quarter of 2016. However, the decline was mostly driven by non-recurring expenses and weakening of the U.S. dollar. On a constant-currency basis, earnings were stable, thanks to cost cuts and higher fee revenue from favorable equity markets.

Growth, Competitive Advantages, and Total Returns

Aegon's future growth will be derived from increases in insurance policies written and assets under management. Continued strength in global equity markets should fuel positive momentum for the asset management business, which grew earnings by 5% last quarter, thanks to higher origination fees. In addition, rising interest rates are a growth catalyst for Aegon. As a global financial services company, Aegon will benefit from rising interest rates because it has a large amount of accumulated cash on hand. Higher interest rates will provide for increased investment income and return on assets.

Lastly, tax reform is a major growth catalyst for Aegon. The company expects the recently-enacted tax reform package to reduce its effective corporate tax rate in the U.S. to approximately 16% to 18%. Based on the full-year 2017 results, this would lead to an increase in net underlying earnings of approximately US$140 million (EUR120 million). This will elevate Aegon's return on capital invested, a key performance measure, by approximately 75 basis points in the U.S.

One of Aegon's competitive advantages is its strong financial position. The company holds a credit rating of A- from Standard & Poor's and A3 from Moody's. Such high credit ratings boost confidence among customers and investors, and also allows for easier access to the capital markets.

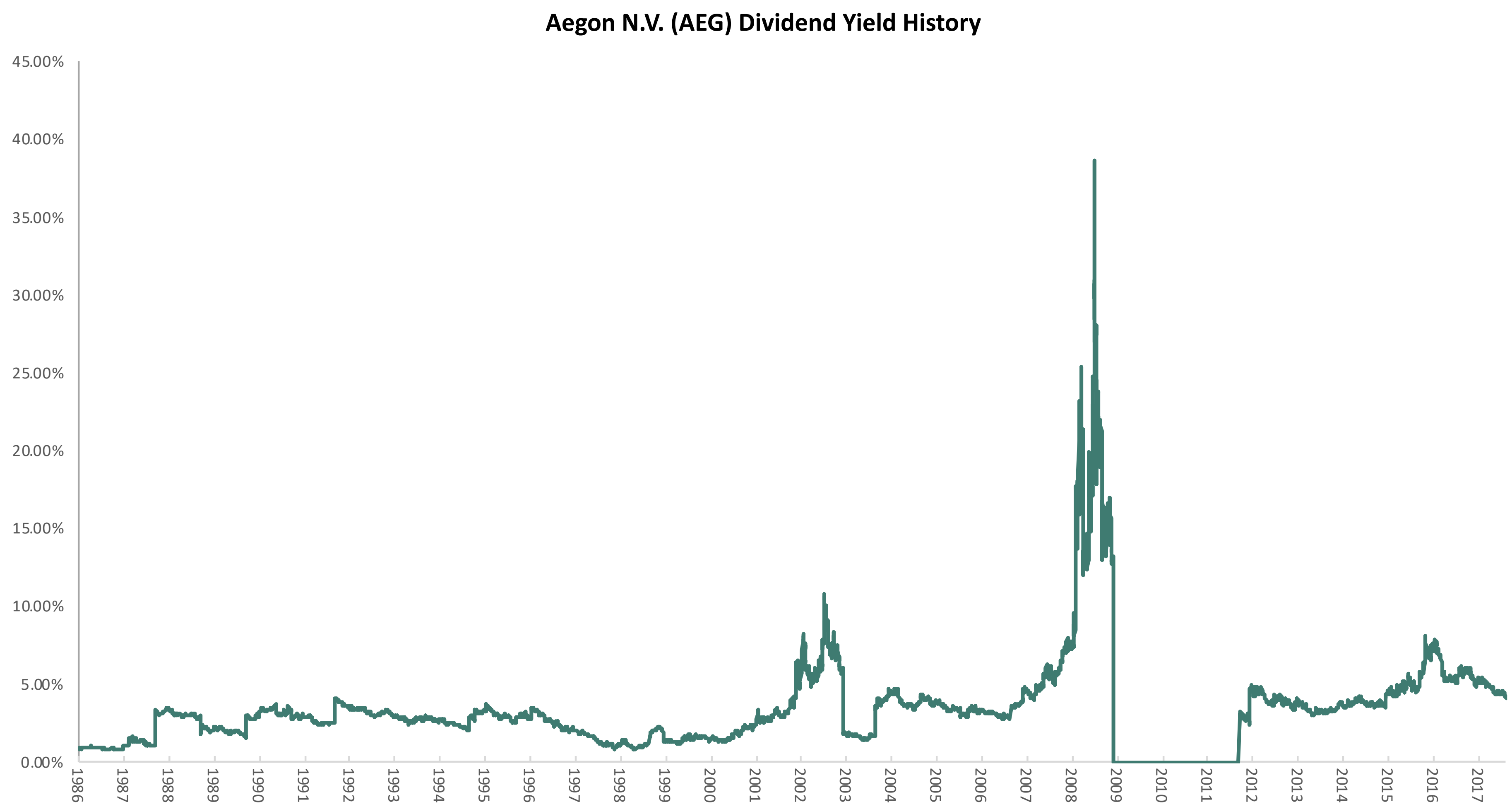
Cash returns are an important aspect of Aegon's total shareholder returns. Total dividends for 2017 were EUR0.27 per share (US$0.33 per share) which equals a current dividend yield of 4.7%. Aegon has increased its shareholder dividend for six consecutive years. Aegon also utilizes share repurchases, which will add to earnings growth by reducing the number of shares outstanding.

Aegon is significantly undervalued, with a price-to-earnings ratio of 5.3. This should expand to at least the high single-digits, as Aegon is a high-quality company with growth potential. We expect the combination of mid-single-digit earnings growth, the 4.7% dividend yield, and expansion of the valuation multiple, to yield total shareholder returns of 10%+ each year moving forward.

Key Statistics, Ratios, & Metrics

Reporting Currency:	Euros	**Dividend Yield:**	4.7%[1]
Headquarters City:	The Hague	**TTM Earnings-Per-Share:**	US$1.33
Headquarters Country:	Netherlands	**Current Stock Price:**	US$7.08
Stock Exchange:	OTC	**Price-to-Earnings Ratio:**	5.3
Year Founded:	1844	**Market Capitalization:**	US$14.4 billion

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


Aegon N.V. (AEG) Dividend Yield History
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Deutsche Telekom AG (DTEGY)

Overview & Current Events

Deutsche Telekom AG operates in the telecommunications industry, and also provides information technology services. It operates through the following segments: Germany, United States, Europe, and Systems Solutions. The Germany segment provides fixed-network and mobile activities as well as wholesale telecom services. The U.S. segment includes T-Mobile, while Europe encompasses all fixed-network and mobile operations outside Germany. Lastly, the Systems Solutions segment operates information and communication technology systems. Deutsche Telekom has over 160 million mobile customers, 29 million fixed-network lines, and more than 18 million broadband lines.

On February 22nd, the company released strong 2017 financial results. Revenue increased 2.5% for the year, while organic revenue (which excludes currency fluctuations) rose 3.6% in 2017. Growth was broad-based across operating segments. Revenue increased 0.7% in Germany, while U.S. revenue increased 8.1% due to the rapid growth of T-Mobile, which added 5.7 million new customers last year. Free cash flow increased 11% for the year, which is a very strong growth rate.

Growth, Competitive Advantages, and Total Returns

Deutsche Telekom provides what most telecom investors are looking for: stability, strong cash flow, and a high dividend payout. The particularly attractive aspect of this company is that it has much higher growth than most other telecoms. Thanks to cost cuts, adjusted earnings-per-share increased 44% last year, to EUR1.27 (US$1.57). We expect continued earnings growth in the high single-digits moving forward (about 6% to 8% per year).

Deutsche Telekom is one of the largest telecom providers in Europe, and dominates several high-quality markets, such as Germany. This provides a tremendous competitive advantage, and allows for significant network investments, to expand its dominant position even further. Last year, Deutsche Telekom invested a record 12.1 billion Euros (US$14.9 billion), including spectrum investments, to build out its network. Deutsche Telekom has a satisfactory credit rating of BBB+ from Standard & Poor's, which allows the company to raise capital at attractive rates to continue investing in growth.

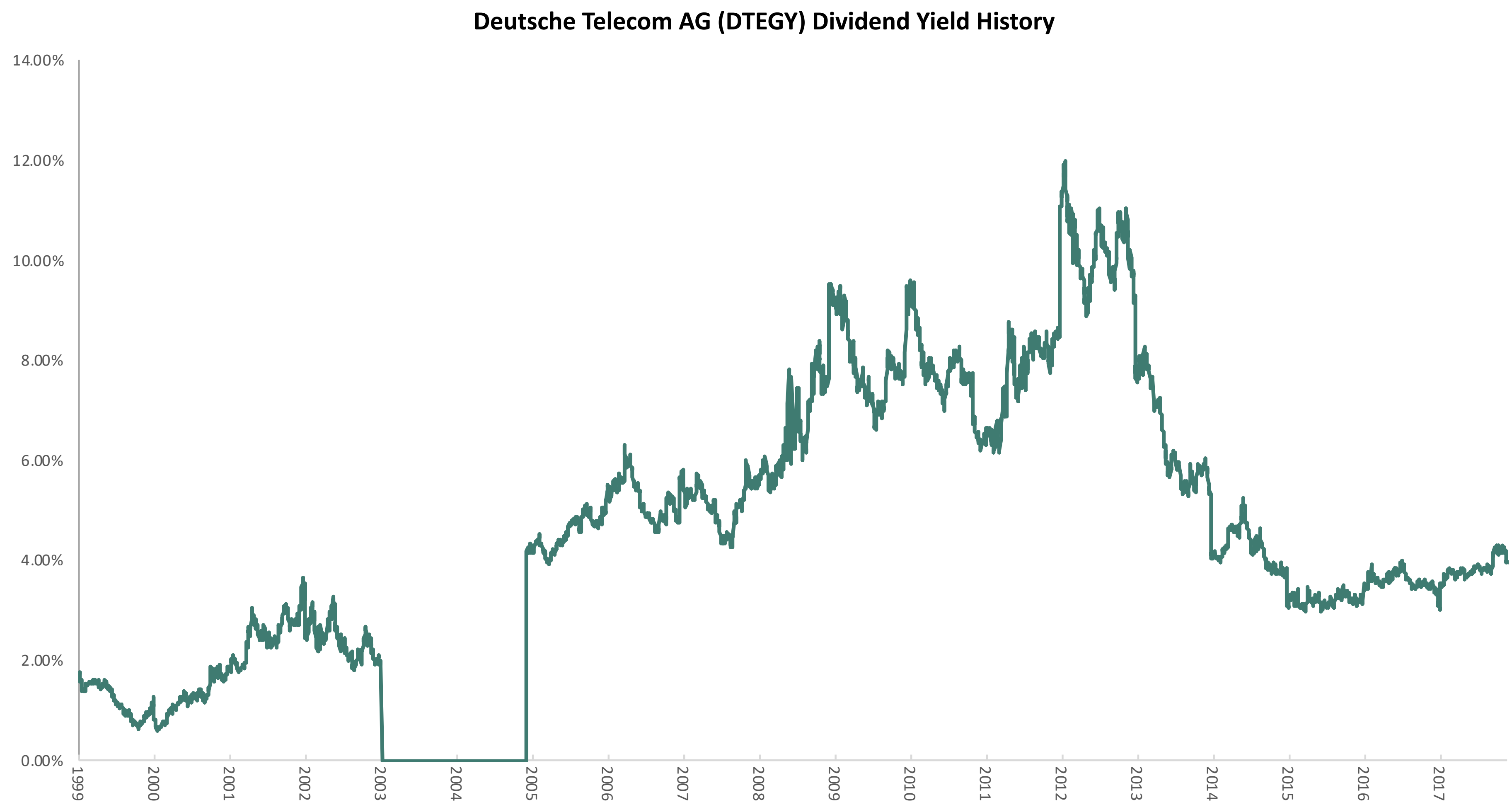
Deutsche Telekom management has proposed a 2018 annual dividend payout of EUR0.65 per share, which translates to US$0.80 based on prevailing exchange rates (one ADR equals one ordinary share). Based on the recent share price, this results in a dividend yield of 3.5%, which is a fairly low yield for a telecom stock. U.S.-based telecoms like AT&T yield above 5%. However, Deutsche Telekom makes up for it with high dividend growth. For example, in 2017 dividends per share were increased by 8.3%.

Deutsche Telekom stock trades for a modest price-to-earnings ratio of 10.9, which has room for expansion, given the company's strong earnings growth. Through expansion of the price-to-earnings ratio, earnings growth, and dividends; we project 10% to 12% annual returns moving forward.

Key Statistics, Ratios, & Metrics

Reporting Currency:	Euros	**Dividend Yield:**	3.5%[1]
Headquarters City:	Bonn	**TTM Earnings-Per-Share**:	US$1.56
Headquarters Country:	Germany	**Current Stock Price:**	US$17.06
Stock Exchange:	OTC	**Price-to-Earnings Ratio:**	10.9
Year Founded:	1995	**Market Capitalization:**	US$81.3 billion

[1] Germany imposes a 25% dividend withholding tax for U.S. investors. Excluding this tax, the dividend yield would be 4.7%.


Deutsche Telecom AG (DTEGY) Dividend Yield History
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Canadian National Railway (CNI)

Overview & Current Events

Canadian National Railway (CNR) is Canada's largest railway. The company has a long operating history that goes back to 1832, when it was founded as the Champlain and St. Lawrence Railroad. Railroads are a time-tested business, with steady growth and durable competitive advantages over time.

On 1/23/18, Canadian National Railway reported fourth-quarter and full-year earnings results. Revenue increased 8% for the full year, to US$10.4 billion, while adjusted earnings-per-share rose 9%, to US$3.98. Revenue increased across most operating segments, including 25% growth for metals and minerals, 23% growth for coal, 9% growth for automotive, 6% growth for grain and fertilizers, and 2% growth for petroleum and chemicals. Revenue growth was mainly due to higher traffic volumes, freight rate increases, and higher fuel surcharge rates.

More recently, the Railway announced (3/5/18) the resignation of Chief Executive Officer Luc Jobin after less than two years on the job. While unexpected CEO turnover creates management uncertainty, the stock's value has actually increased slightly since the announcement. Investor sentiment remains positive. It is unlikely the CEO change will affect the long-term direction of the company.

Growth, Competitive Advantages, and Total Returns

The fundamentals of the railway industry remain healthy. Economic growth remains positive throughout North America. Rising inflation is also positive for commodities, which make up a significant portion of CNR's volumes. The company expects 5% to 8% earnings growth for 2018.

Canadian National Railway is Canada's leading railway. It is remarkably diversified, with operations across virtually every market sector in North America. With a network of more than 19,000 miles, it would be virtually impossible for a new competitor to enter the industry and take market share from Canadian National Railway, which provides it with a tremendous competitive advantage.

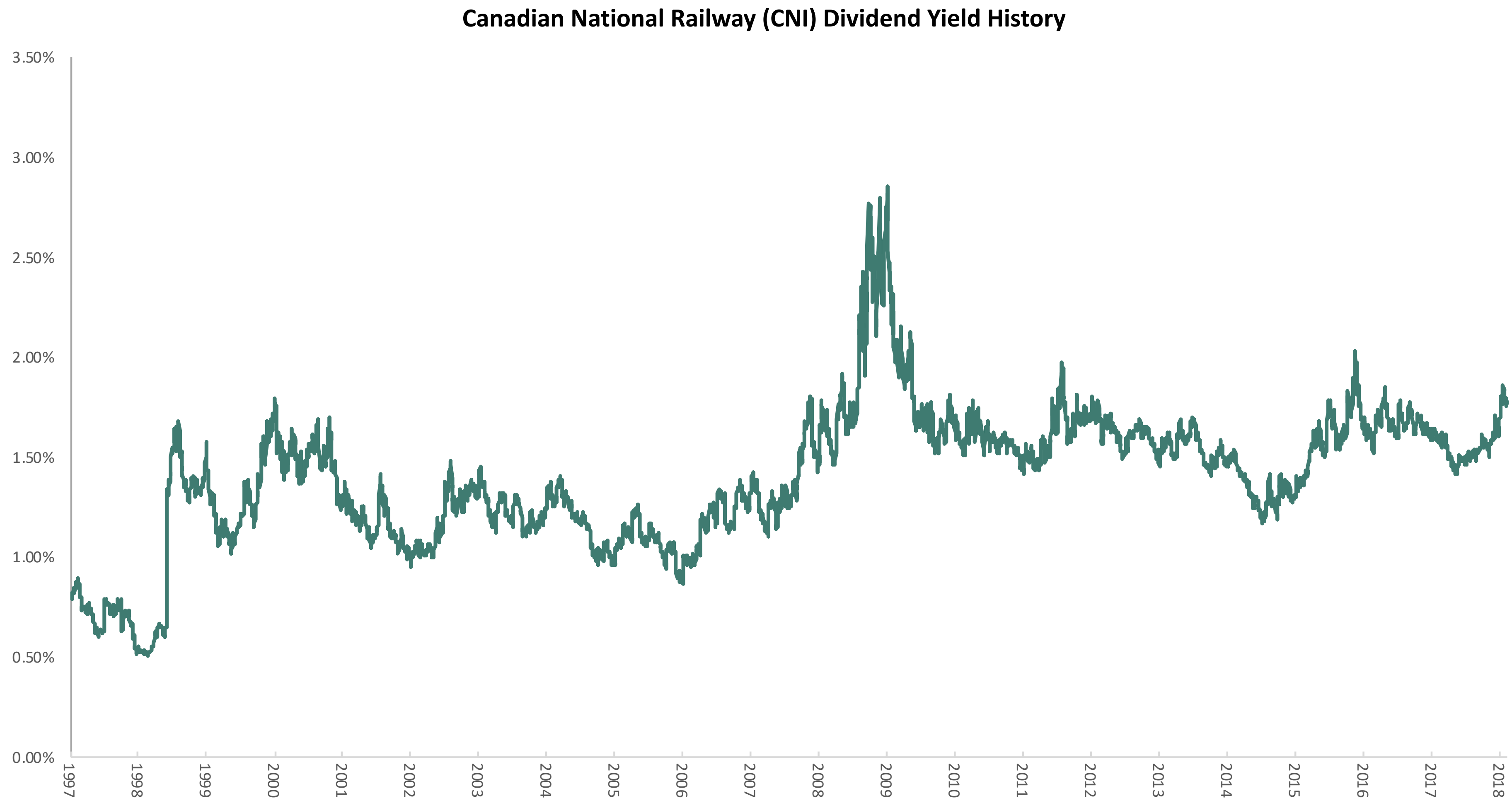
Canadian National Railway stock has a forward price-to-earnings ratio of approximately 17.9, using 2018 earnings-per-share estimates of US$4.20. The stock appears to be trading near fair value, as it has traded at an average price-to-earnings ratio of about 17 over the last decade. In addition, Canadian National Railway has a secure dividend, with potential to raise the dividend going forward. For example, on January 23rd the company increased its dividend by 10%. The new annual dividend payout of US$1.45 provides a dividend yield of 1.6%. The company has a payout ratio of approximately 33%, which gives room for continued dividend growth in the event that growth slows.

We believe the company can maintain a long-term earnings growth rate of 5% to 8%, which is not unrealistic for an industry leader like Canadian National Railway. In this scenario, the stock could generate nearly 10% annual returns, once the 1.8% dividend yield is taken into account.

Key Statistics, Ratios, & Metrics

Reporting Currency:	Canadian Dollar	**Dividend Yield:**	1.6[1]%
Headquarters City:	Montreal	**TTM Earnings-Per-Share**:	US$3.98
Headquarters Country:	Canada	**Current Stock Price:**	US$74.75
Stock Exchange:	TSX & NYSE	**Price-to-Earnings Ratio:**	17.9 (using 2018 est.)
Year Founded:	1832	**Market Capitalization:**	US$55.5 billion

[1] Canada imposes a 15% dividend withholding tax. However, the withholding tax is waived for U.S. investors who hold the stock in a qualified retirement account, such as a 401(k) or IRA. Excluding the withholding tax, the dividend yield would be 1.9%.


Canadian National Railway (CNI) Dividend Yield History
3.50%
3.00%
2.50%
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2017
2018

SK Telecom Co. Ltd (SKM)

Overview & Current Events

SK Telecom is South Korea's largest telecommunications company. With more than 30 million mobile subscribers, it has roughly 50% of the total market share. SK Telecom offers a variety of services, including wireless telecommunication and internet. Its products include mobile phones, wireless data, and information communication.

In early February, SK Telecom released (2/5/18) fourth-quarter and full-year financial results. Operating revenue increased 3.2% from the same quarter the previous year. For the full year, operating revenue increased 2.5%, thanks to mobile service growth. Mobile subscribers rose by 2%, while high-speed internet connections increased 4.5% in the fourth quarter. Net customer additions more than offset a 0.4% decline in average revenue-per-user. The core SK Broadband segment led the way with 3.6% revenue growth for the year. Net income and earnings-per-share each increased 9.4% in 2017.

Growth, Competitive Advantages, and Total Returns

SK Telecom has targeted media and the Internet of Things (or IoT) as its main growth initiatives for 2018 and beyond. There is good reason for this, as media and IoT hold significant growth potential. With such a huge subscriber base, SK Telecom has entrenched itself as a media giant with its subsidiary IPTV. In addition, with 5G speeds on the horizon, the IoT could be a major catalyst, through new applications like security, logistics management, and financial solutions.

SK Telecom has many competitive advantages, first of which is scale. As the largest service provider in a developed economy, SK Telecom is highly profitable with pricing power. Its high cash flow allows the company to reinvest in building out its network to preserve its market share. This keeps competition at bay. SK Telecom also has a strong financial position. It has a credit rating of A- from Standard & Poor's and A3 from Moody's, which indicates a healthy balance sheet. Strong credit ratings are important for raising the capital necessary to continue investing in its network capabilities.

SK Telecom has attractive total return potential. We expect long-term earnings growth in the mid-single-digits to be a base-case or "expected" scenario. In addition, the stock appears to be undervalued. The P/E ratio of 12.3 has room for expansion, as this is a fairly low valuation for a growing business. Combined with the annual dividend payouts, total returns are likely to reach 10%+ annualized.

In 2017, SK Telecom paid dividends of KRW10,000 per ordinary share, which amounts to US$9.33 per ordinary share. On a per-ADR basis (one ordinary share equals 9 ADRs), SK Telecom stock paid an annual dividend of US$1.04. At the recent share price of US$23.71, SK Telecom has a dividend yield of approximately 3.4%, after withholding taxes. The dividend is sustainable, as the company held a 54% dividend payout ratio in 2017, down from 58% in 2016. Distributing slightly more than half of earnings indicates the dividend is secure, with room for future increases.

Key Statistics, Ratios, & Metrics

Reporting Currency:	Won	**Dividend Yield:**	3.4%[1]
Headquarters City:	Seoul	**TTM Earnings-Per-Share**:	US$1.93
Headquarters Country:	South Korea	**Current Stock Price:**	US$23.71
Stock Exchange:	NYSE	**Price-to-Earnings Ratio:**	12.3
Year Founded:	1984	**Market Capitalization:**	US$15.1 billion

[1] South Korea imposes a 22% dividend withholding tax for U.S. investors. Excluding this tax, the dividend yield would be 4.4%.

SK Telecom (SKM) Dividend Yield History

Nissan Motor Co. Ltd (NSANY)

Overview & Current Events

The Nissan Motor Company is a multinational Japanese automobile manufacturer headquartered in Yokohama, Japan. The company manufactures and distributes cars under the *Nissan*, *Infiniti*, and *Datsun* brands while also manufacturing performance products under the *Nismo* brand. Nissan has been a member of the Renault-Nissan-Mitsubishi Alliance since 1999 and is the world's largest electric vehicle manufacturer due to the popularity of its flagship electric vehicle, the *Nissan Leaf*.

In early April, Nissan reported (4/3/18) unit sales for the month of March. Company-wide unit sales declined 3.7%, driven by an 8.0% drop in car sales and partially offset by a 0.1% increase in truck sales. On a brand-by-brand basis, *Nissan* sales fell by 3.6% while *Infiniti* sales dropped by 4.6%. The company's standout performer was the *Nissan Frontier*, which saw unit sales increase by 28%. Although a nearly 4% drop in unit sales can be worrisome, we believe this is a short-term anomaly; year-to-date Nissan sales are roughly flat, experiencing growth of -0.2%.

Previously, Nissan reported (2/8/18) financial results for the third quarter of fiscal 2017 (the company operates with a fiscal year-end of March 31). Nissan reported revenue of 8,528 billion yen (US$79.5 billion), operating profit of 364.2 billion yen (US$3.4 billion) and net income of 578.1 billion yen (US$5.4 billion). On a comparative basis, Nissan's revenue increased by 3.2% year-on-year, operating profit declined 27.6% and net income increased 39.6%. While operating profit was impacted by a number of special items, Nissan's strong bottom line showed that the reduction in operating profit was more than offset by net non-operating income in addition to the impact of U.S. tax reform. Nissan's quarter delivered adequate top line growth and we expect continued growth moving forward.

Growth Prospects & Expected Total Returns

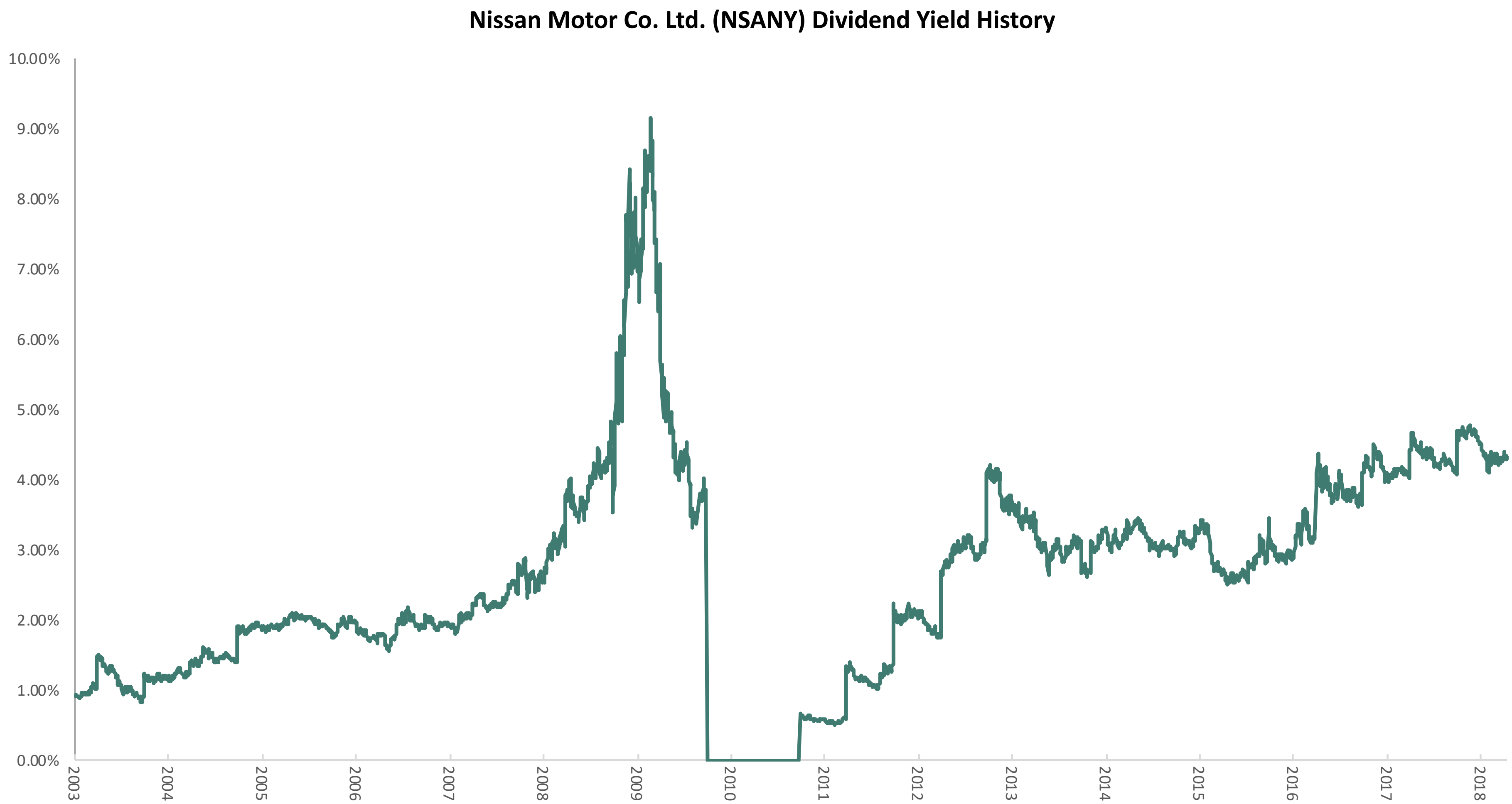
Nissan's near-term growth will be driven by the "Nissan M.O.V.E. to 2022" plan, which stands for Mobility, Operational Excellence, Value to Customers, and Electrification. Under this plan, Nissan expects to grow its annual revenue from 12.8 trillion yen (US$119 billion) to 16.5 trillion yen (US$154 billion) – a compound annual growth rate of about 5% per year – while seeing its operating margin expand to ~8% under "reasonable economic conditions." Nissan's track record (growth in unit sales each year since 2008) implies that it should deliver on these financial goals.

Nissan expects to report net income of 705 billion yen (US$6.6 billion) in fiscal 2017 (which ended on March 31, 2018). Using this figure, the company's forward earnings-per-share are estimated at 167.86 yen (US$1.56) for the coming fiscal year. Each of Nissan's ADRs are equivalent to 2 ordinary shares, so the company's current stock price of about $21 combined with its earnings-per-ADR estimate of $3.12 give a price-to-earnings ratio of 6.7. Nissan's average price-to-earnings ratio since 2010 is around 9. The company's stock looks significantly undervalued. Double-digit total returns are possible from valuation multiple expansion, dividends (~4%) and earnings-per-share growth (~6%).

Key Statistics, Ratios, & Metrics

Reporting Currency:	Yen	**Dividend Yield:**	3.7[1]%
Headquarters City:	Yokohama	**This Year's EPS Estimate**:	US$3.12
Headquarters Country:	Japan	**Current Stock Price:**	US$20.98
Stock Exchange:	TSE & OTC	**Price-to-Earnings Ratio:**	6.7
Year Founded:	1933	**Market Capitalization:**	US$44.3 billion

[1] Japan imposes a 15% dividend withholding tax for U.S. investors. Excluding this tax, the dividend yield would be 4.3%.


Nissan Motor Co. Ltd. (NSANY) Dividend Yield History
10.00%
9.00%
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6.00%
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4.00%
3.00%
2.00%
1.00%
0.00%
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Toyota Motor Corp. (TM)

Overview & Current Events

Toyota Motor Corporation is a multinational automotive conglomerate and Japan's largest manufacturer of automobiles. The company was founded in 1933 and has grown to be a leader in the automotive industry, manufacturing well-known vehicles such as the *Camry, Corolla, Highlander, Sienna, Yaris, Prius,* and *RAV4*. United States investors can invest in Toyota through American Depository Receipts (ADRs) listed on the New York Stock Exchange, where they trade under the ticker TM with a market capitalization of US$190 billion.

In February, Toyota reported (2/6/18) financial results for the nine-month period ending December 31, 2017. Although vehicle sales were essentially flat in the quarter, the company benefitted enormously from foreign exchange tailwinds. Yen-denominated sales increased by 8.1% in the quarter. Consolidated operating profits rose by more than 50% in the quarter, largely due to cost-reduction efforts and the aforementioned impact of a weaker yen. Toyota also increased its fiscal 2017 (which ended March 31, 2018) financial guidance. The company expects to deliver earnings-per-ADR of about US$12.50 for fiscal 2017. Unsurprisingly, this guidance increase is a result of lower expenses and a more attractive currency environment.

Growth Prospects & Expected Total Returns

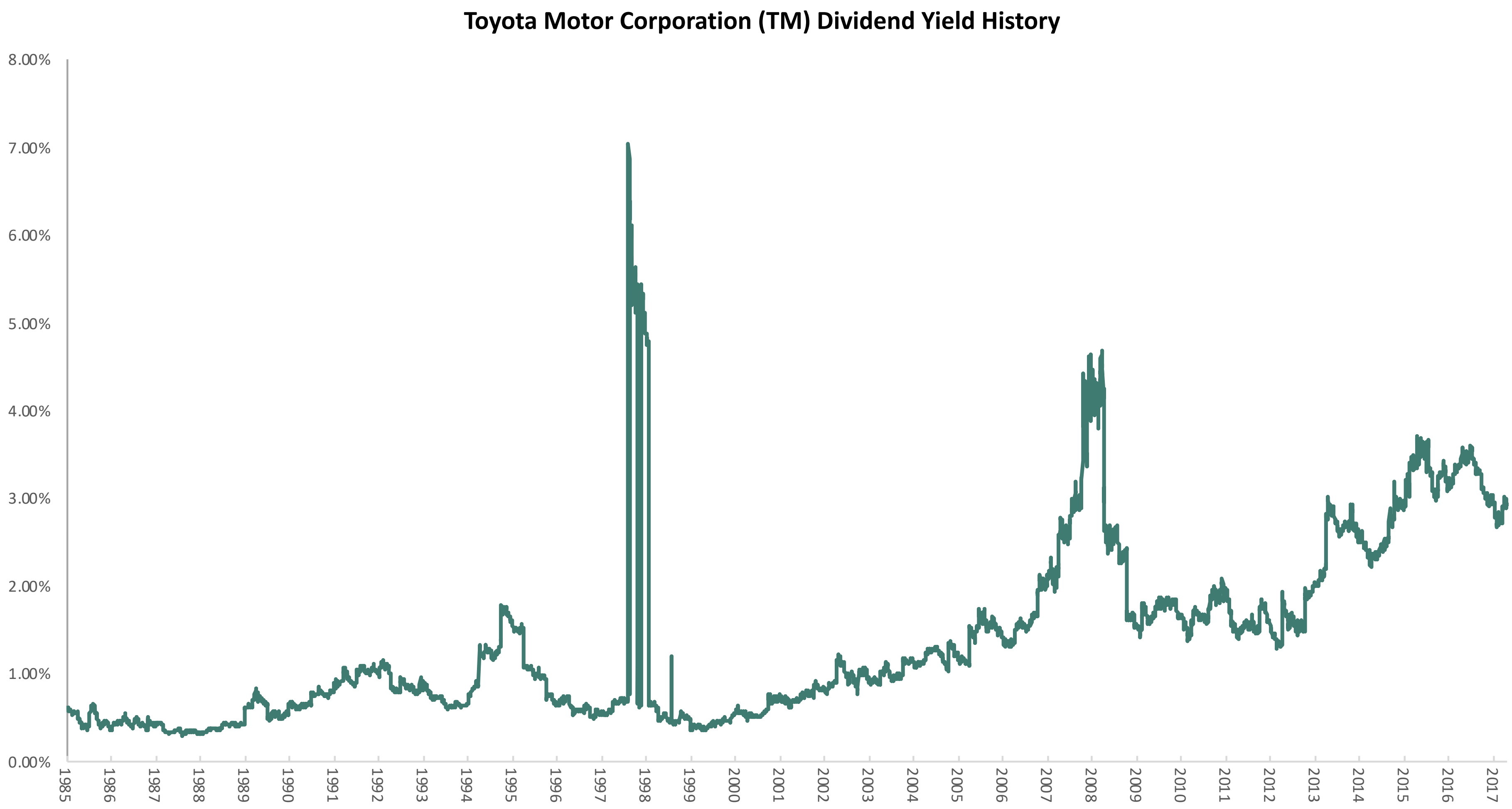
Like other automotive manufacturers, Toyota is investing aggressively in new technologies like electric vehicles, hydrogen vehicles, autonomous vehicles and other technical advancements. While the company was an early mover in the hybrid vehicle market thanks to the introduction of the *Toyota Prius* in 1997, it has yet to introduce a fully electric vehicle (outside of the all-electric *Prius*) that has gained widespread consumer popularity. We believe that Toyota's reputation (*Toyota* and *Lexus* – also owned by Toyota Motor Corporation – ranked #1 and #2 in Consumer Reports' 2017 Car Brand Reliability Survey) will allow it to capture meaningful market share once it introduces a fully electric vehicle to the masses. Toyota seems capable of delivering mid-single-digit (4% to 6%) earnings-per-share growth over full economic cycles.

Toyota's recently-updated fiscal 2017 earnings guidance implies earnings-per-ADR of about US$12.50 for fiscal 2017. The company's ADRs currently trade on the New York Stock Exchange at around $129, which implies a price-to-earnings ratio of 10.3. While this may seem like an expensive price-to-earnings ratio when compared to other international automobile manufacturers (such as Nissan) and even its domestic counterparts, Toyota's reputation and blue-chip status cause it to persistently trade at a premium to this peer group. For context, the company's average price-to-earnings ratio over the last 5 years is 10.6. We believe that Toyota is trading near fair value today. Investors still stand to generate high single-digit returns due to a combination of earnings growth (4% to 6%) and dividends (which yield 2.5% after accounting for the withholding tax imposed by the Japanese government).

Key Statistics, Ratios, & Metrics

Reporting Currency:	Yen	**Dividend Yield:**	2.5[1]%
Headquarters City:	Toyota City	**This Year's EPS Estimate**:	US$12.50
Headquarters Country:	Japan	**Current Stock Price:**	US$128.65
Stock Exchange:	TSE & NYSE	**Price-to-Earnings Ratio:**	10.3
Year Founded:	1933	**Market Capitalization:**	US$190 billion

[1] Japan imposes a 15% dividend withholding tax for U.S. investors. Excluding this tax, the dividend yield would be 2.9%.



Toyota Motor Corporation (TM) Dividend Yield History
8.00%
7.00%
6.00%
5.00%
4.00%
3.00%
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Tokio Marine Holdings Inc. (TKOMY)

Overview & Current Events

Tokio Marine Holdings was founded in 1879 as Japan's first non-life insurance company and has since grown to be a global insurance conglomerate that engages in life and non-life insurance both at home and abroad. Tokio Marine Holdings has a market capitalization of US$33 billion. U.S. investors can invest in the company through American Depository Receipts (ADRs) that trade over-the-counter (OTC) under the ticker TKOMY. One ADR corresponds to ownership of one ordinary share.

In mid-February, Tokio Marine Holdings reported (2/14/18) financial results for the nine months ended December 31, 2017. In the nine-month reporting period, ordinary income increased by 7.5%, ordinary profit declined by 24.9%, and net income attributable to Tokio shareholders declined by 30.2%. The decline in profitability was due to an increase in underwriting expenses, presumably related to the above-average rate of natural disasters that occurred in the latter half of calendar 2017. On a per-share basis, diluted earnings-per-share declined by 31.7%. On a brighter note, Tokio Marine Holdings' yen-denominated dividend payments are on pace to be 14.3% higher in fiscal 2017 than in the prior year.

Tokio Marine Holdings also revised its 2017 financial outlook with the release of its December quarter earnings. More specifically, its yen-denominated net income guidance has been revised upwards by 50 billion yen (US$465 million) to 280 billion yen (US$2.6 billion) due to the effects of U.S. tax reform. On a per-share basis, the company expects to earn 375.95 yen per share, which is equivalent to US$3.50 given current exchange rates and the company's one-to-one share-to-ADR conversion rate.

Growth Prospects & Expected Total Returns

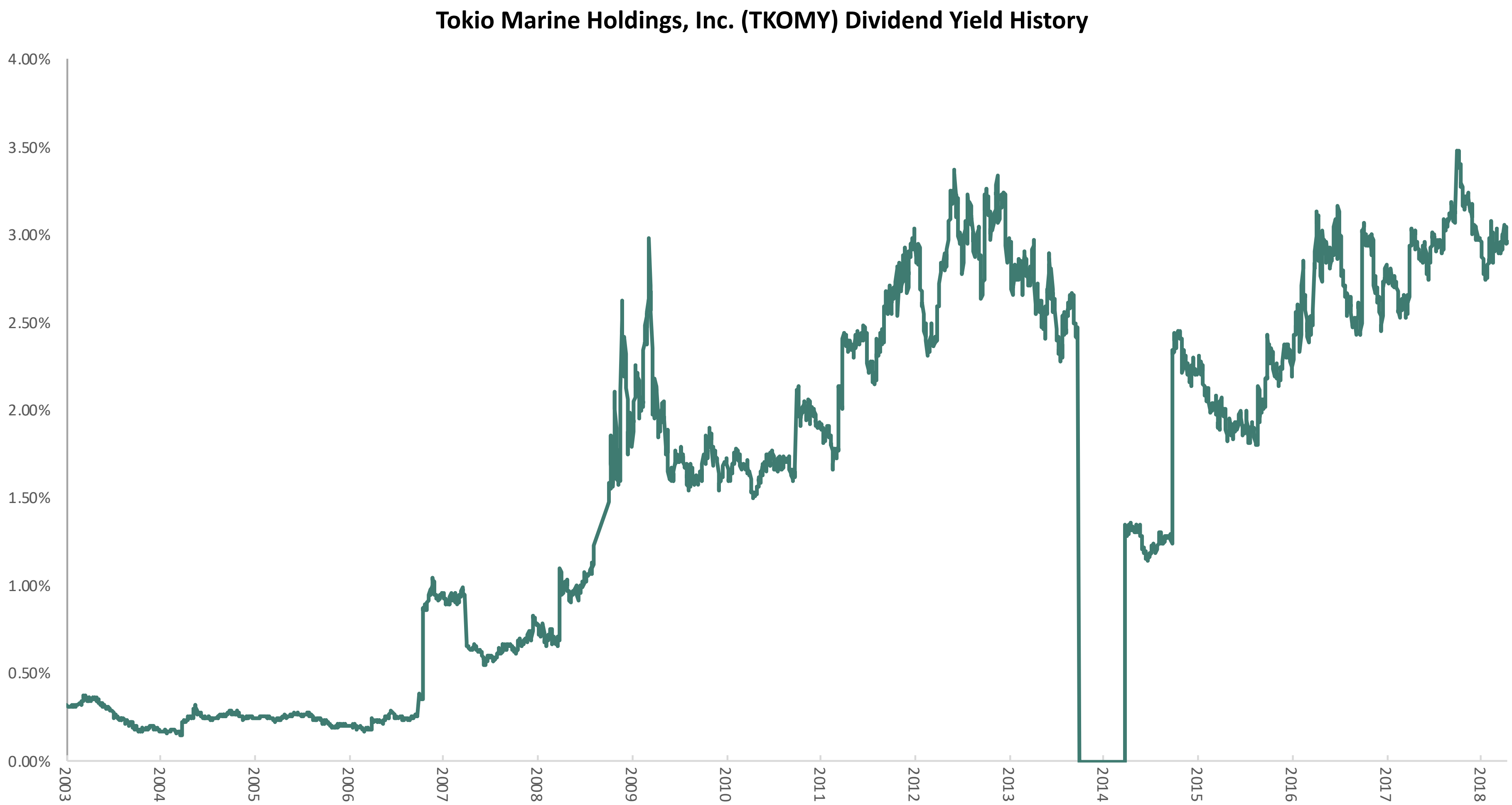
Aside from organically growing its premium income, Tokio Marine Holdings has shown a willingness to grow through acquisitions. In 2015, the company announced the acquisition of HCC Insurance Holdings, a U.S. insurance company specializing in property & casualty and accident & health insurance. Tokio Marine Holdings paid US$7.5 billion for the acquisition in what amounts to a major bet on the future of the U.S. insurance industry. We believe that more acquisition-based growth is possible for Tokio Marine Holdings moving forward.

As mentioned, Tokio Marine Holdings recently updated its financial guidance for fiscal 2018 (which ended on March 31, 2018). The company's new guidance implies 2017 earnings-per-share of about US$3.50. The ADRs currently trade for about US$46, which implies a price-to-earnings ratio of 13.1. For context, Tokio Marine Holdings traded at an average price-to-earnings ratio of about 13.4 over the last five years. The insurer appears to be trading near fair value today and valuation changes will not be a large component of its expected total return profile. Instead, investors should expect high single-digit returns from business growth (4% to 6%) and the company's 2.6% dividend yield (after accounting for withholding tax imposed by the Japanese government).

Key Statistics, Ratios, & Metrics

Reporting Currency:	Yen	**Dividend Yield:**	2.6[1]%
Headquarters City:	Tokyo	**This Year's EPS Estimate:**	US$3.50
Headquarters Country:	Japan	**Current Stock Price:**	US$46.13
Stock Exchange:	TSE & OTC	**Price-to-Earnings Ratio:**	13.1
Year Founded:	1879	**Market Capitalization:**	US$33 billion

[1] Japan imposes a 15% dividend withholding tax for U.S. investors. Excluding this tax, the dividend yield would be 3.0%.


Tokio Marine Holdings, Inc. (TKOMY) Dividend Yield History
4.00%
3.50%
3.00%
2.50%
2.00%
1.50%
1.00%
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0.00%
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Closing Thoughts
–Corporate Tax Rates by Country–

The corporate tax rates of the 15 largest countries in the world by GDP are listed below.

Country	GDP Rank	Corporate Tax Rate
United States	1	21%[1]
China	2	25%
Japan	3	32%
Germany	4	30%
France	5	33%
United Kingdom	6	19%
India	7	25%
Brazil	8	34%
Italy	9	28%
Canada	10	28%[2]
South Korea	11	24%
Russia	12	20%
Australia	13	30%
Spain	14	25%
Mexico	15	30%

There is a wide variety of tax rates among the 15 largest countries in the world based on GDP. Of the 15 largest, the United Kingdom has the lowest corporate tax rate at 19%, followed closely by the United States at 21%.

Brazil and France have the highest corporate tax rates at 34% and 33%, respectively. Note that prior to the Tax Cuts and Jobs Act of 2017 the United States' 35% corporate tax rate would've been the highest of the 15 largest countries in the world.

As discussed in the opening thoughts, corporate tax rates matter. A United Kingdom company has a *14-percentage point* advantage over a French company – even though both countries offer high levels of legal and political stability. All other things being equal, this advantage compounds over time as the English firm will have more after-tax money to reinvest into growth (or pay to shareholders as dividends).

The next newsletter publishes on Sunday, May 20th, 2018

[1] Does not include taxes at the state and local level which range from 0% to 12%.
[2] Includes average corporate tax rates of provinces of 13%.

List of Past Recommendations & Performance

The performance and initial recommendation date of every Sure Dividend International Recommendation is below.

Performance is calculated using the closing price on the first trading day *after* the newsletter publishes. If the newsletter were published on Sunday, the close price from the following Monday is used as the buy price. Returns include dividends.

Name & Ticker	Newsletter Date	Total Returns
Aegon (AEG)	January 2018	3.6%
ITV (ITVPY)	January 2018	-11.5%
Dixons Carphone (DC:LN)	January 2018	-0.7%
Royal Mail (RMG:LN)	January 2018	21.0%
Acea SpA (ACE:IM)	January 2018	-16.1%
Groupe Renault (RNO:FP)	January 2018	3.2%
Gazprom (OGZPY)	January 2018	-13.2%
Inchcape (INCH:LN)	January 2018	-6.4%
Blom Bank (BLOM:LB)	January 2018	-3.8%
Yanlord Land (Z25:SP)	January 2018	-5.9%
Canadian Imperial Bank (CM)	February 2018	-3.2%
Canadian National (CNI)	February 2018	-1.4%
Sampo Oyj (SAXPY)	February 2018	-3.4%
Fortis (FTS)	February 2018	-0.7%
BNP Paribas (BNPQY)	February 2018	-5.8%
Nissan (NSANY)	February 2018	-1.7%
Société Générale (SCGLY)	February 2018	-5.5%
Deutsche Telekom (DTEGY)	March 2018	4.8%
Swiss Re Ltd (SSREY)	March 2018	-1.6%
Enel SpA (ENLAY)	March 2018	5.0%
ProSiebenSat.1 Media (PBSFY)	March 2018	6.8%
Toyota Motor Corp. (TM)	April 2018	N/A
SK Telecom (SKM)	April 2018	N/A
Tokio Marine (TKOMY)	April 2018	N/A
Average		**-1.7%**
S&P 500 Average		**-4.0%**

Performance over periods of 3 years or less is virtually meaningless. With 3 months of return data, the return data here is nothing more than noise. Over the years, this performance page and list of past recommendations will grow in relevancy.

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 was 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 a credit or 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%
Japan	15%
France	15%[2]
Canada	15%[3]
South Korea	22%
Germany	26%[4]
Italy	26%
Finland	30%
Switzerland	35%

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).
[3] 0% if proper paperwork is filed and investment is in a U.S. retirement account.
[4] 26% rounded. The actual dividend withholding tax rate is 26.375%.

How To Buy International Securities

There are 2 primary ways to invest in international securities:

1. Through American Depository Receipts (ADRs). We recommend this way.
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. Investing in Level II and III ADRs is similar to investing in other publicly traded securities on large exchanges. In general, you can tell the level of ADR by its 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, an investor could still invest 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 should you choose to buy but not with ADRs. 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 and in the Top 10 chart.

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

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 due to 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.