Sure Dividend International

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

June 2018 Edition

By Ben Reynolds, Nick McCullum, & Bob Ciura

Edited by Brad Beams

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Opening Thoughts
- Should Investors Worry About the Possibility of War? -

You can't turn on the news these days without headlines from around the world discussing the possibility of war and conflict. In times like these, should investors worry about market losses?

An excellent study by the CFA Institute shows that war has actually been a *positive* for stock prices in the U.S. The image below illustrates this point for U.S. stocks:

Capital Market Performance During Times of War

	Large-Cap Stocks	Small-Cap Stocks	Long-Term Bonds	Five-Year Notes	Long-Term Credit	Cash	Inflation
1926-2013							
Return	10.0%	11.6%	5.6%	5.3%	5.9%	3.5%	3.0%
Risk	19.0%	27.2%	8.4%	4.4%	7.6%	0.9%	
All Wars							
Return	11.4%	13.8%	2.2%	3.7%	2.8%	3.3%	4.4%
Risk	12.8%	20.1%	6.4%	3.5%	5.5%	0.7%	
World War II							
Return	16.9%	32.8%	3.2%	1.8%	3.0%	0.3%	5.2%
Risk	13.8%	21.0%	1.9%	0.8%	1.1%	0.0%	
Korean War							
Return	18.7%	15.4%	-1.1%	0.7%	0.3%	1.5%	3.8%
Risk	11.1%	12.7%	3.0%	1.7%	3.2%	0.1%	
Vietnam War							
Return	6.4%	7.3%	1.9%	4.7%	2.7%	4.9%	4.1%
Risk	12.1%	21.1%	8.1%	4.4%	6.9%	0.3%	
Gulf War							
Return	11.7%	-1.2%	12.5%	12.5%	12.1%	7.0%	4.7%
Risk	19.4%	27.5%	8.4%	3.8%	6.7%	0.2%	

Source: What Happens to the Market if America Goes to War? By Mark Ambruster, CFA

The United States market actually experienced *higher returns and lower volatility* during times of war than during times of peace. A similar study on the U.K. market found similar results.

While the results above are positive for the U.S. (and U.K.), it doesn't mean that war is equally 'good' for all markets. The U.S. and U.K. have won most of the wars they've been in. Stock market returns in the table above for the Vietnam War are far worse – a war the U.S. didn't fare well in.

From a financial perspective, war has historically been positive for the victor. This is likely because it creates employment and a surge in manufacturing which creates greater demand in the economy.

If you are investing in a country that has the possibility of going to war – but is also likely to win – war will likely have either a positive or neutral impact on your investment's performance.

The International Top 10 – June 2018

Name	Ticker	Mkt. Cap	Country	Price[1]	P/E	Yield[2]	Payout	Growth
Ping An Insurance	PNGAY	$201 billion	China	$20	12.9	2.1%	30%	9.0%
Nippon T&T	NTTYY	$99 billion	Japan	$47	12.0	2.5%	35%	5.0%
Aegon N.V.	AEG	$12 billion	Netherlands	$6	4.6	5.2%	24%	5.0%
SK Telecom	SKM	$17 billion	S. Korea	$25	12.8	3.4%	56%	5.0%
Thomson Reuters	TRI	$28 billion	Canada	$41	16.3	2.9%	55%	4.0%
BT Group	BT	$28 billion	U.K.	$14	7.6	7.5%	57%	2.0%
Daimler AG	DDAIF	$78 billion	Germany	$72	6.1	4.6%	38%	6.0%
Nissan Motor Co.	NSANY	$38 billion	Japan	$20	5.7	3.8%	26%	6.0%
Honda Motor Co.	HMC	$58 billion	Japan	$32	8.6	2.5%	25%	6.0%
Turkiye Garanti	TKGBY	$8 billion	Turkey	$2	5.5	3.8%	25%	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 newsletters, we expect the Top 10 to be reasonably stable. 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 are 3 new recommendations in this month's newsletter (HMC, DDAIF, and BT).

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

Dividend Yield:	3.8%	**P/E Ratio:**	9.2
Growth Rate:	5.3%	**Payout Ratio:**	37%

On average, the securities in *The Sure Dividend International Newsletter* have a mix of above-average dividend yields, average growth prospects, low payout ratios, and low P/E ratios. In short, these tend to be securities that are shareholder friendly, conservative, and likely undervalued.

Note: We are only recommending securities 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 security. Each ADR gives the holder rights to a specific portion of shares of the underlying foreign security held at the bank.

Note: Data in this newsletter is primarily from June 14th through June 15th, 2018.

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

[2] After accounting for any applicable withholding taxes.

Analysis of Top 10 Securities

Ping An Insurance Co. of China Ltd (PNGAY)

Overview & Current Events

The Ping An Insurance Company is a Chinese financial services holding company. The company operates in five segments: Life and Health Insurance, Property & Casualty, Banking, Asset Management, and Fintech & Healthtech. The Life and Health Insurance segment is the largest by a wide margin, contributing 58% of the company's operating profit in the most recent quarter.

Ping An recently reported (4/26/18) financial results for the three months ending March 31, 2018. The company's large Life and Health Insurance segment performed well, delivering 12.7% growth in operating profit. Elsewhere, insurance underwriting continued to be conservative and profitable, with Ping An Property & Casualty reporting a combined ratio of 95.9% in the quarter. In total, net profit increased by 11.5% and basic earnings-per-share increased by 11.6%.

To reward its shareholders for the company's strong recent performance, Ping An announced a special dividend in the amount of RMB0.20 (approximately US$0.03) in cash per share. Because one American Depository Receipt is equal to two ordinary shares, this special dividend amounts to a one-time $0.06 payment per ADR to Ping An's United States investors. Remarkably, this special dividend was announced shortly after Ping An doubled (3/20/18) its normal quarterly dividend payment.

Growth, Competitive Advantages, and Total Returns

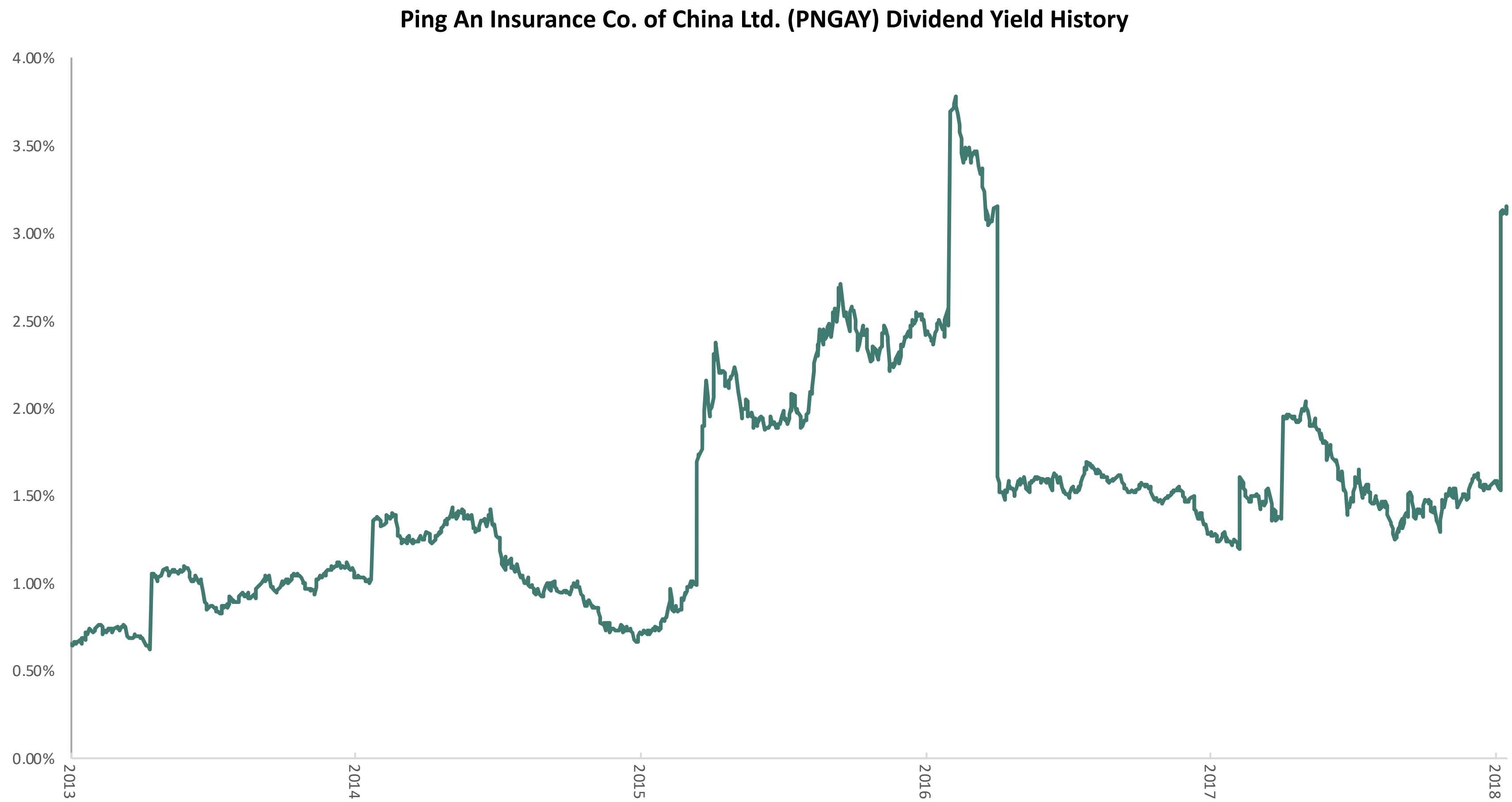
Ping An's future growth will likely come from its portfolio of technology innovations centered on fintech and healthtech. Notable among these is Ping An Good Doctor, which is a healthcare technology venture focused on providing online family doctor services via an in-house medical team and artificial intelligence assistant. Elsewhere, Ping An owns a subsidiary called Ping An Healthcare Technology, a business that provides smart cost control and social insurance-related services in over 200 cities across China. The company's recent earnings growth has been extremely impressive, with Ping An's bottom line compounding at 29% per year over the last four years. Looking ahead, we believe that the company's growth will slow to the high single-digits over time.

In Ping An's recently-completed fiscal 2017, the insurer reported earnings-per-share of RMB4.99 – equivalent to US$0.78. Given the 2-for-1 nature of Ping An's American Depository Receipts, this amounts to earnings-per-ADR of US$1.56. Using this earnings figure, Ping An is trading at a price-to-earnings ratio of 12.9. We believe that a low-teens earnings multiple is appropriate for most insurance companies and that the company is trading near fair value. Valuation expansion will not be a significant contributor to Ping An's future returns. Instead, the company's shareholders will profit from strong earnings growth and its 2.1% dividend yield (net of withholding taxes).

Key Statistics, Ratios, & Metrics

Reporting Currency:	Renminbi	**Dividend Yield:**	2.1[1]%
Headquarters City:	Shenzhen	**Last Year's EPS:**	US$1.56
Headquarters Country:	China	**Current Stock Price:**	US$20.20
Stock Exchange:	Hong Kong & OTC	**Price-to-Earnings Ratio:**	12.9
Year Founded:	1988	**Market Capitalization:**	US$200.8 billion

[1] Mainland China imposes a 10% dividend withholding tax. Excluding this withholding tax, the dividend yield would be 2.3%. Ping An recently doubled its dividend payment, which explains the higher yield relative to last month's newsletter.


Ping An Insurance Co. of China Ltd. (PNGAY) Dividend Yield History
4.00%
3.50%
3.00%
2.50%
2.00%
1.50%
1.00%
0.50%
0.00%
2013
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2016
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2018

Nippon Telegraph & Telephone Corp. (NTTYY)

Overview & Current Events

Nippon Telegraph & Telephone is a diversified telecommunications company based in Japan. It is among the largest companies in its industry, with over 76 million mobile customers. Nippon has four main operating segments: Regional Communications, Long-Distance and International Communications, Mobile Communications, and Data Communications.

Nippon's focus is on research and development (R&D) to bring its customers the next advancements in telecom technology. Strategic areas of importance for R&D investments include the Internet of Things (IoT), big data, artificial intelligence, cloud computing, and machine learning.

On 5/11/18, Nippon reported record results for 2017. Revenue, operating income, and net income all reached company records. For fiscal 2017, operating revenue and operating income increased by 3.6% and 6.7%, respectively. Revenue increased in each segment with the exception of Regional Communications. Mobile subscribers increased 2% last year, while video subscribers increased 1.9% for the year. For fiscal 2017, Nippon's adjusted earnings-per-share increased 10%, driven by revenue growth and share repurchases.

Growth, Competitive Advantages, and Total Returns

For 2018, Nippon expects revenue and operating income growth of 0.4% and 2.9%, respectively. We expect a long-term earnings growth rate of 4%-6% for Nippon, fueled by its R&D capabilities. Nippon's high amount of R&D investments have created a large and highly-valuable intellectual property portfolio. The company has over 16,000 patents and files thousands of new patent applications each year. Nippon's R&D is made possible because the company has a strong balance sheet, with a credit rating of AA- from Standard & Poor's. This is a high credit rating which allows the company to access capital at a relatively low cost.

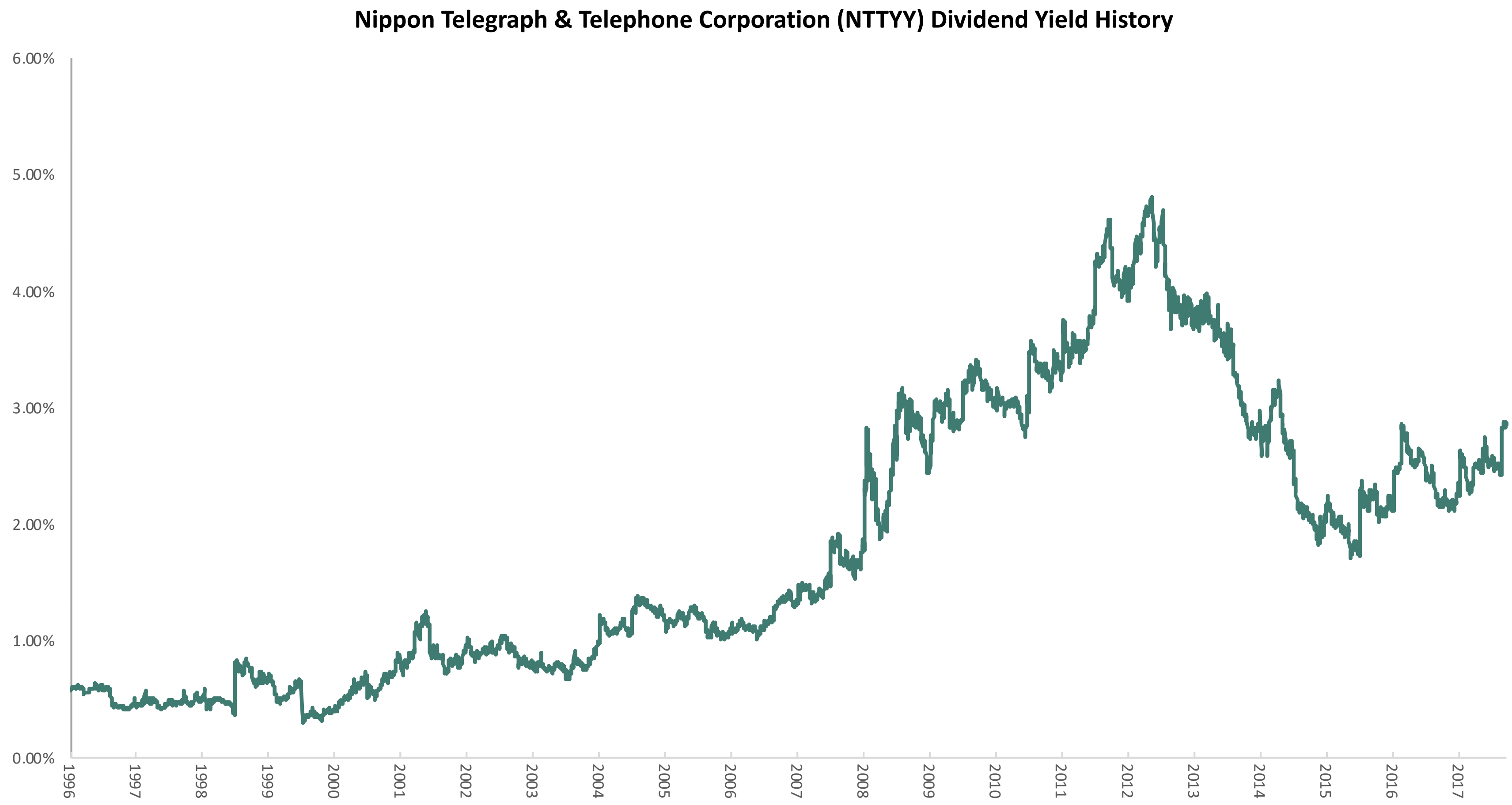
Nippon is a shareholder-friendly company, due to the high amount of cash flow the company returns to investors each year through dividends and share repurchases. In 2018, Nippon expects to pay total annual dividends of US$1.35 per share (one ADS is equal to one ordinary share), a 25% increase from 2017, then increase the dividend again by 13% next year. In addition, in February of 2018 the company announced a share repurchase authorization of up to US$1.35 billion, which will help accelerate future earnings growth.

Nippon stock trades for a price-to-earnings ratio of 12, which we believe is too low for a highly-profitable, growing business. We estimate fair value to be a price-to-earnings ratio of 14-15. As a result, expansion of the price-to-earnings ratio could add 3%-4% to Nippon's annual returns. In addition, earnings growth and dividends are expected to contribute annual returns of at least 7%. Overall, we expect Nippon stock to deliver total annual returns of 10%+ moving forward.

Key Statistics, Ratios, & Metrics

Reporting Currency:	Yen	**Dividend Yield:**	2.5%[1]
Headquarters City:	Tokyo	**TTM Earnings-Per-Share**:	US$3.89
Headquarters Country:	Japan	**Current Stock Price:**	US$46.97
Stock Exchange:	OTC	**Price-to-Earnings Ratio:**	12.0
Year Founded:	1952	**Market Capitalization:**	US$98.59 billion

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


Nippon Telegraph & Telephone Corporation (NTTYY) Dividend Yield History
6.00%
5.00%
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0.00%
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Aegon N.V. (AEG)

Overview & Current Events

Aegon N.V. is a financial holding company that can trace its roots back to 1844. Today, the company has operations in 20 countries, employs more than 28,000 people, and has a market capitalization above $14 billion. Aegon provides a wide range of financial services to clients including insurance, pensions, and asset management. It has five core operating segments: Americas, Europe, Asia, Asset Management, and Holding and Other Activities. Its most widely-recognized brand is Transamerica, which Aegon acquired in 1999.

On 2/28/18, Aegon reported fourth-quarter and full-year 2017 financial results. Aegon's 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. Going forward, the company will only report half-year and full-year results.

Growth, Competitive Advantages, and Total Returns

Aegon has a positive growth outlook moving forward, which will consist primarily of income from new policies written, and growth of assets under management. Aegon's asset management business grew earnings by 5% last quarter, thanks to higher origination fees. In addition, rising interest rates are a growth catalyst for Aegon. Insurance companies hold large amounts of cash from accumulated premium income, which they invest to earn additional income. Higher interest rates will help grow Aegon's investment income.

Tax reform is another 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%. This will elevate Aegon's return on capital invested, a key performance measure, by approximately 75 basis points in the U.S.

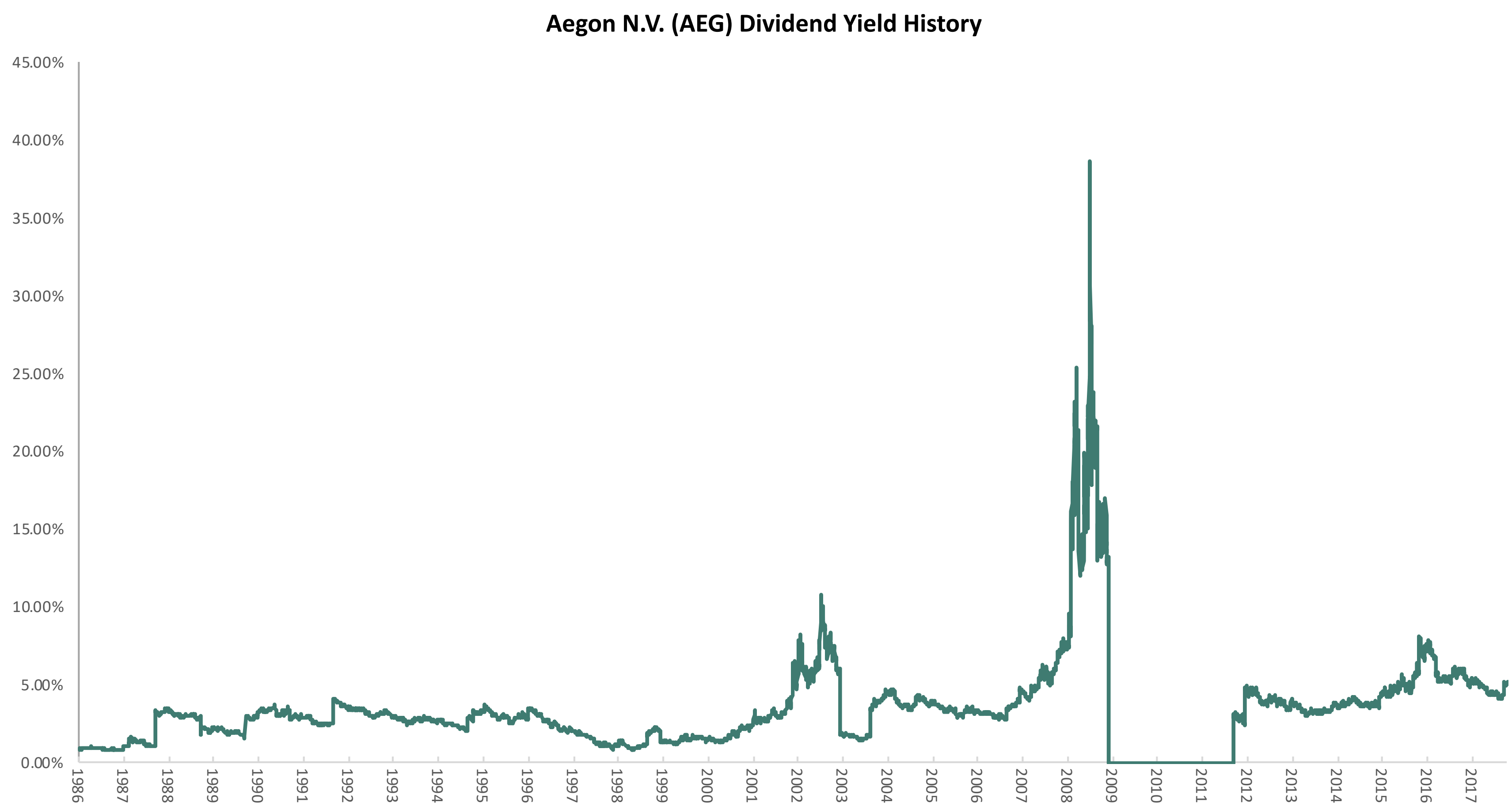
Aegon's main competitive advantage is its financial position and brand strength. The company holds a credit rating of A- from Standard & Poor's and A3 from Moody's. Such high credit ratings boost confidence among customers and investors.

Aegon shares have a price-to-earnings ratio of 4.6, which we believe is far too low for a highly profitable, growing business. We believe fair value for Aegon stock is a price-to-earnings ratio of at least 6.0, which results in a fair value share price of approximately US$8.00 per share. An expansion of the price-to-earnings ratio to fair value could add 4.5% to annual returns over the next five years. In addition, Aegon currently pays annualized dividends of US$0.32 per share, which results in a 5.2% dividend yield, and the company has increased its dividend for six consecutive years. We expect the combination of 4%-6% earnings growth, dividends, and an expanding valuation, to yield total shareholder returns of 13%+ each year moving forward.

Key Statistics, Ratios, & Metrics

Reporting Currency:	Euros	**Dividend Yield:**	5.2%[1]
Headquarters City:	The Hague	**TTM Earnings-Per-Share**:	US$1.33
Headquarters Country:	Netherlands	**Current Stock Price:**	US$6.13
Stock Exchange:	OTC	**Price-to-Earnings Ratio:**	4.6
Year Founded:	1844	**Market Capitalization:**	US$12.4 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
45.00%
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SK Telecom Co. Ltd (SKM)

Overview & Current Events

SK Telecom is South Korea's largest telecommunications company. It has approximately 30 million mobile subscribers, giving it roughly 50% of the total market share. SK Telecom offers a variety of services, including wireless telecommunication and internet.

On 5/4/18, SK Telecom announced first-quarter financial results. Revenue and operating income declined by 0.3% and 12.4%, respectively, due to increasing adoption of the company's optional mobile phone plan, which has higher discounts. But there were many positive notes in SK Telecom's quarterly earnings. For example, mobile service cancellation fell to 1.3%, its lowest point ever since the rollout of LTE services. In addition, IPTV subscribers increased 10% year-over-year, and mobile IPTV subscribers increased 25.5%. Broadband sales rose by 3.8% from the same quarter a year ago.

Growth, Competitive Advantages, and Total Returns

For this wireless service provider, the main growth catalyst over the next several years is 5G rollout, and new technologies. Acquisitions will accelerate its growth. For example, on 5/8/18, SK Telecom announced it will purchase a 55% stake in ADT Caps Co. Ltd for US$651 million. ADT Caps is South Korea's second-largest security services provider and the acquisition will boost SK Telecom's presence in artificial intelligence, the Internet of Things, and big data.

SK Telecom is also forging partnerships to enhance its growth potential. On 6/11/18 the company signed an agreement with DJI Innovations, a major manufacturer of civilian drones and aerial imaging technology, to co-develop drone-based video streaming products and solutions. SK Telecom's network technology will allow usage of drones to expand into new industries including agriculture, logistics, exploration, public safety, and media and entertainment.

SK Telecom has many competitive advantages, first of which is its top industry position. As the largest service provider in a developed economy, SK Telecom generates enough cash flow to reinvest in building out its network. Another competitive advantage is SK Telecom's strong financial position. It has a credit rating of A- from Standard & Poor's and Fitch Ratings, which allows the company to access the capital markets and invest in growth initiatives.

SK Telecom pays a dividend to shareholders, and it has potential for future dividend growth. 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. Dividends will add to SK Telecom's total return potential. SK Telecom had earnings-per-share of US$1.87 in 2017, for a price-to-earnings ratio of 12.8 which we believe has room for expansion. We estimate a fair value price-to-earnings ratio of ~14. Therefore, we expect a rising valuation to add ~2% to annual shareholder returns. Combined with 5% earnings growth and a 3.4% dividend yield, total returns could reach 10% annualized for SK Telecom.

Key Statistics, Ratios, & Metrics

Reporting Currency:	Won	**Dividend Yield:**	3.4%[1]
Headquarters City:	Seoul	**TTM Earnings-Per-Share**:	US$1.87
Headquarters Country:	South Korea	**Current Stock Price:**	US$24.82
Stock Exchange:	NYSE	**Price-to-Earnings Ratio:**	12.8
Year Founded:	1984	**Market Capitalization:**	US$17.3 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 Co. Ltd (SKM) Dividend Yield History

Thomson Reuters Corp. (TRI)

Overview & Current Events

Thomson Reuters is a global financial information and data solutions provider for businesses and professionals in the fields of finance, accounting, tax, and media. The company operates in four business segments: Financial & Risk, Legal, Tax & Accounting, and Reuters News. Thomson Reuters was created in 2008 when the Thomson Corporation purchased the British company Reuters Group with roots back to 1799; and is majority owned by the Thomson family – the wealthiest in Canada.

In early May, Thomson Reuters reported (5/11/18) financial results for the first quarter of fiscal 2018. Performance was strong on a number of important metrics, with Chief Executive Officer Jim Smith calling it "*the best first-quarter performance in several years*." More specifically, Thomson Reuters reported revenue growth of 4%, adjusted EBITDA growth of 4%, and 12% growth in adjusted earnings-per-share. Performance was driven by strong showings in the Legal and Tax & Accounting segments, partially offset by negative revenue growth in the Reuter News unit.

Prior to that, Thomson Reuters announced (1/30/18) that it signed a definitive agreement to sell a majority 55% stake in the key Financial & Risk business to a group of private equity funds managed by Blackstone. Thomson Reuters will receive approximately $17 billion in gross proceeds and will retain a 45% interest in the new partnership. The transaction should close in the second half of 2018.

More recently, Thomson Reuters announced (6/7/18) that it plans to buy back up to an additional US$1 billion of stock under a new repurchase program. This is in addition to the $500 million share repurchase authorization that was announced (5/11/18) in conjunction with the sale of its Financial & Risk (F&R) business. For context, this $1.5 billion of aggregate buyback authorizations represents approximately 5% of the firm's current market capitalization.

Growth Prospects & Expected Total Returns

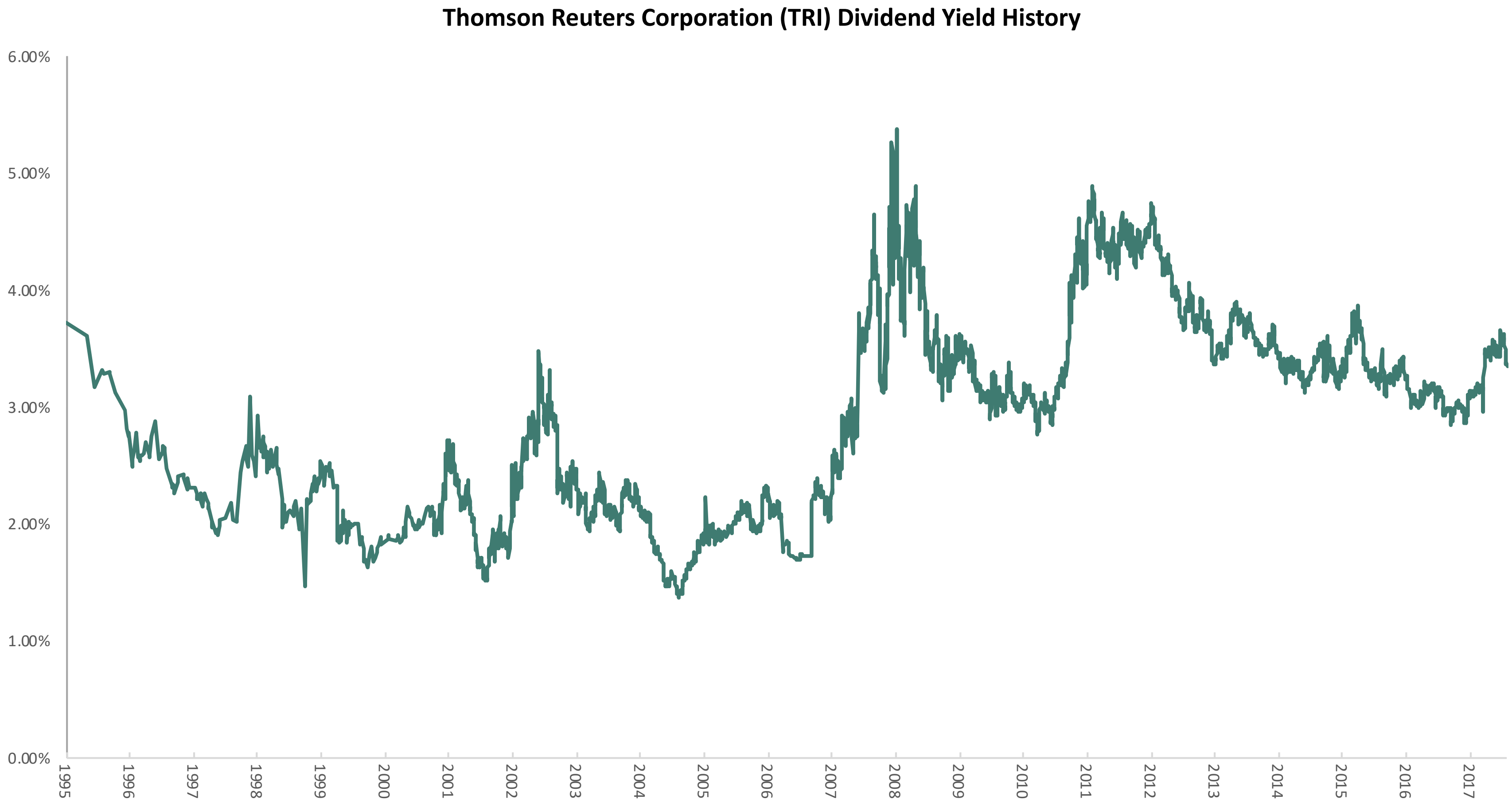
Thomson Reuters has compounded its earnings-per-share in the low single-digits (2.9%) over the last ten years. In the near-term, Thomson Reuters' growth will be highly dependent on the divestiture of its F&R business. We have trouble believing that the company will meaningfully improve its growth rates. We are expecting earnings-per-share growth of around 4% if the F&R sale goes as planned.

Thomson Reuters is a rare example of an international company that trades on an American stock exchange and reports financial results in U.S. dollars. In fiscal 2017, Thomson Reuters reported adjusted earnings-per-share of $2.51. The company is currently trading at $41, which implies a price-to-earnings ratio of 16.3. The company's average price-to-earnings ratio over the last 10 years is 21.1. While we believe that a price-to-earnings ratio of 21.1 is a bit rich for a company like Thomson Reuters, it still appears undervalued today. Investors have a solid chance of achieving double-digit returns through earnings growth (4%), dividends (~3%), and valuation expansion.

Key Statistics, Ratios, & Metrics

Reporting Currency:	U.S. Dollar	**Dividend Yield:**	2.9[1]%
Headquarters City:	Toronto	**Last Year's EPS**:	US$2.51
Headquarters Country:	Canada	**Current Stock Price:**	US$40.83
Stock Exchange:	TSX & NYSE	**Price-to-Earnings Ratio:**	16.3
Year Founded:	1799	**Market Capitalization:**	US$28 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 3.4%.


Thomson Reuters Corporation (TRI) Dividend Yield History
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3.00%
2.00%
1.00%
0.00%
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BT Group plc (BT)

Overview & Current Events

BT Group's history goes back to 1846. Its principal activities include fixed-line services, broadband, mobile, networked IT services, and TV products and services. It provides its services to consumers and enterprise customers in the U.K. and 180 countries around the world. BT Group operates in six core segments: Consumer; EE (its mobile network which has over 20 million customers); Business and Public Sector; Global Services; Wholesale and Ventures; and Openreach, which builds and maintains digital infrastructure for Britain's booming digital economy.

On 5/10/18, BT Group reported fourth-quarter and full-year fiscal 2017 financial results. Last year was a slightly challenging one for BT Group, as the company reported core revenue declines of 1.4% for the fourth quarter and 1% for the year. Revenue declines were attributable to a 1% decline in average monthly revenue-per-user for the fourth quarter. Adjusted earnings-per-share declined 3% for the year, but the company ended 2017 on a strong note with 5% growth in the fourth quarter.

Growth, Competitive Advantages, and Total Returns

BT Group expects revenue to decline 2% in 2018. In response, the company is cutting costs to grow earnings. Along with the most recent quarterly earnings, the company announced it will cut 13,000 jobs which will deliver cost savings of approximately US$2 billion. BT Group is also positioning itself for a return to revenue growth through new products and services. For example, in the fourth quarter the company secured rights packages for Premier League soccer matches through 2020. Sports viewing is a growth category in the U.K., as BT Group's sports segment reported 19% growth in viewing in the fourth quarter.

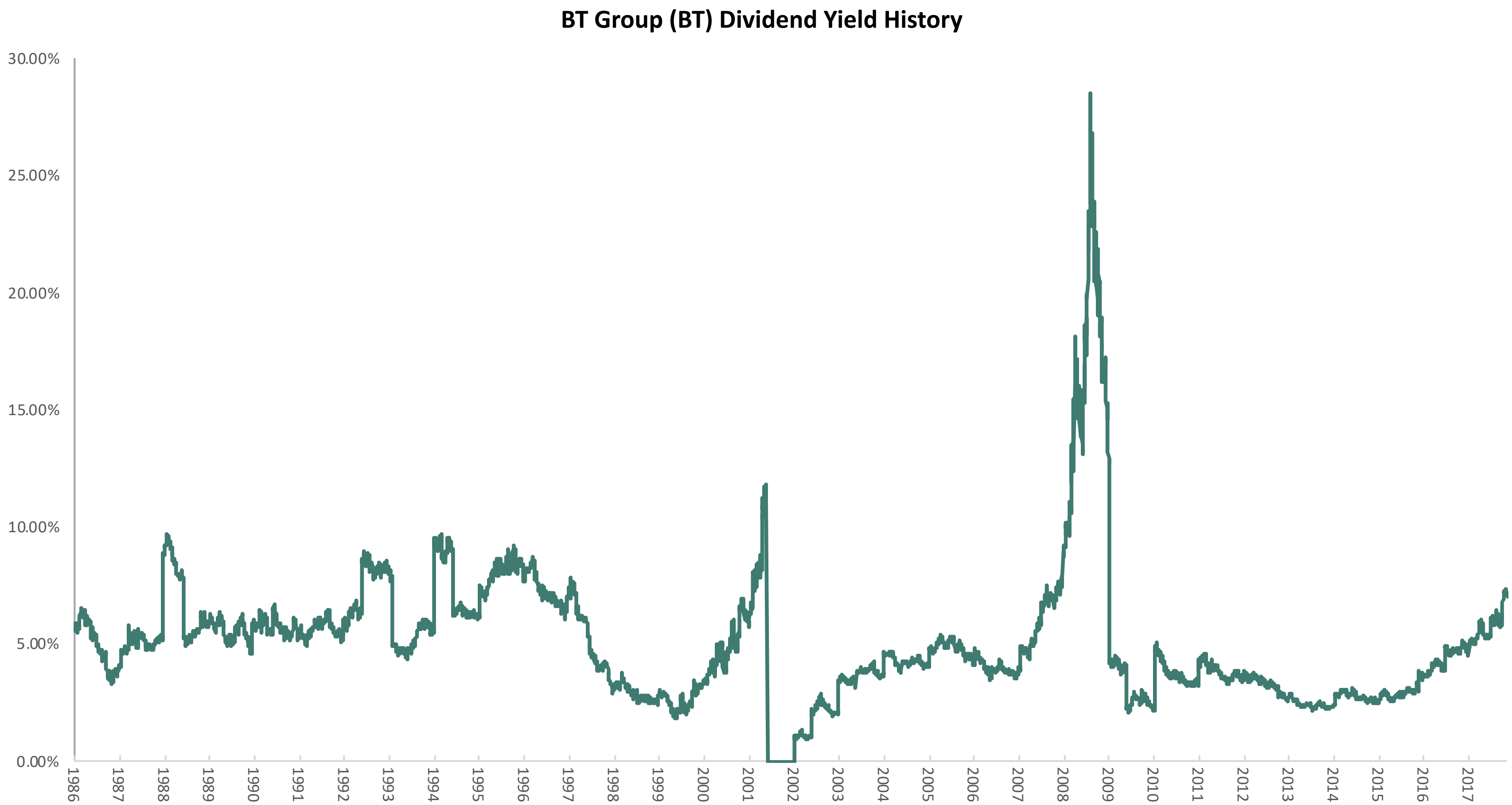
BT Group's competitive advantages are its industry positioning and size. BT Group has among the largest and highest-quality 4G networks in the U.K., which allows it to retain market share and gives the company pricing power. Customer churn was a relatively low 1.2% in the fourth quarter. Another competitive advantage is its strong balance sheet, which provides the company the financial flexibility to expand. BT Group has a credit rating of BBB+ from Standard & Poor's and Fitch, which are solidly in the investment-grade category.

BT Group is a shareholder-friendly company, with a high dividend yield. The two semi-annual dividend payments authorized for 2018 total US$1.05 per share (one ADS is equal to five ordinary shares). This equals a high dividend yield of 7.5%. The company announced it will freeze dividend payments over the next two years, after raising the dividend by 10% in 2017, but this still represents a generous dividend yield. In addition, we believe the stock is undervalued, with a price-to-earnings ratio of 7.6. Our fair value estimate is a price-to-earnings ratio of 10, which would add 5%-6% per year to shareholder returns. If the company can generate ~2% annual earnings growth, total returns would exceed 14% per year.

Key Statistics, Ratios, & Metrics

Reporting Currency:	Pounds	**Dividend Yield:**	7.5%[1]
Headquarters City:	London	**TTM EPS**:	US$1.85
Headquarters Country:	U.K.	**Current Stock Price:**	US$14.04
Stock Exchange:	NYSE	**Price-to-Earnings Ratio:**	7.6
Year Founded:	2001	**Market Capitalization:**	US$27.9 billion

[1] Dividends from stocks headquartered in the U.K. are not subject to any withholding taxes.


BT Group (BT) Dividend Yield History
30.00%
25.00%
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10.00%
5.00%
0.00%
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Daimler AG (DDAIF)

Overview & Current Events

Daimler AG is a leading manufacturer of luxury passenger automobiles that is responsible for the Mercedes-Benz brand of cars, the Daimler brand of trucks; as well as vans, buses, and other automobiles. The company also has an aerospace division (Daimler-Benz Aerospace) and a financial services division (Daimler Financial Services AG). Daimler's history dates from 1886 and has grown to more than 290,000 employees and a market capitalization of US$78 billion.

In early June, Mercedes-Benz reported (6/7/18) its 63rd consecutive month of best-ever unit sales. The company sold 198,187 cars in May, with 985,063 being sold through the first five months of 2018 – a 5.4% increase over the prior year's period. The company also reported new records for both single-month SUV sales, with 70,000 units (a 4.3% year-on-year increase) sold in the quarter; and single-month unit sales in the Asia Pacific region, with 80,000 cars delivered (a 10.2% year-on-year increase).

Before that, Daimler reported (4/27/18) financial results for the first quarter of 2018. Unit sales increased by 7% to 806,900 vehicles, driving strong top-line sales growth. Daimler's revenue increased by 8% after adjusting for exchange-rate effects, or 3% net of this impact. On the bottom line, operating earnings and net profit both declined year-on-year due to US$812 million of positive one-time items reported in the first quarter of 2017. The company also introduced financial guidance for the full year of fiscal 2018, stating that it expects a "slight growth" in unit sales, revenue, and operating earnings for the twelve-month reporting period. Thanks to this strong performance, Daimler's board of directors approved a 12% increase to the company's quarterly dividend payment.

Growth, Competitive Advantages, and Total Returns

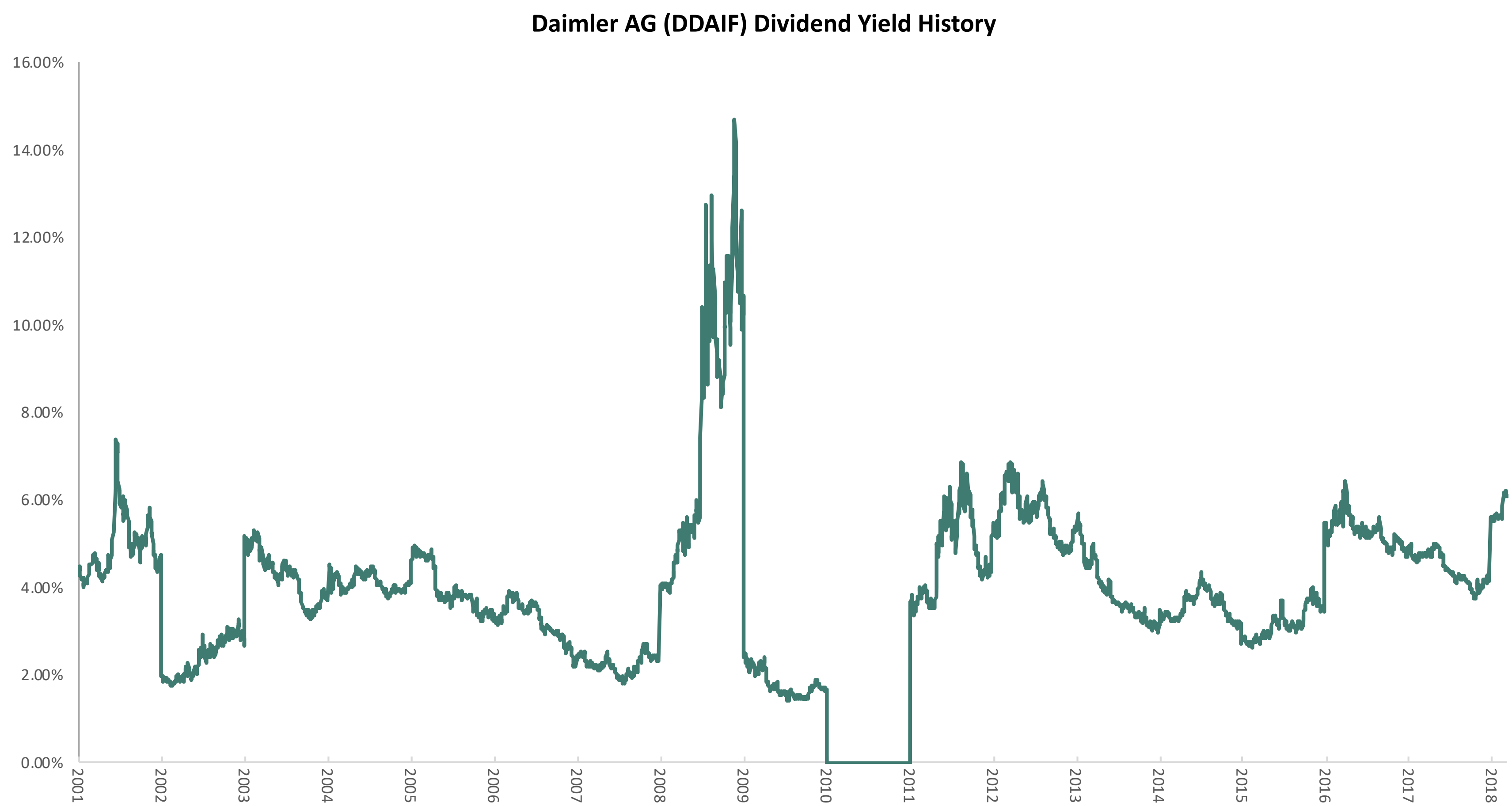
Daimler's recent growth has come from two segments of its business. The first is growth in emerging markets. As an example, Daimler's China business saw 16% unit growth in the most recent quarter. The next is Daimler's truck business, which generated 21% growth in quarterly unit sales in the most recent reporting period. Brazil, in particular, saw remarkable demand for Daimler's trucks. Unit sales rose nearly 70% in that country. Looking ahead, truck sales and overall automotive sales in emerging markets should continue to propel Daimler forward for the foreseeable future. We forecast 6% annualized earnings-per-share growth over full economic cycles.

Daimler generated earnings-per-ADR of US$11.80 in fiscal 2017. The company's ADRs trade for around $72, which implies a price-to-earnings ratio of 6.1. For context, Daimler traded at an average price-to-earnings ratio of 8.8 over the last 5 years. The company is significantly undervalued today. We believe that Daimler's shareholders should be capable of achieving low to mid-double-digit returns through a combination of dividend payments (4.6%), earnings-per-share growth (6%), and valuation expansion.

Key Statistics, Ratios, & Metrics

Reporting Currency:	Euro	**Dividend Yield:**	4.6[1]%
Headquarters City:	Stuttgart	**Last Year's EPS**:	US$11.80
Headquarters Country:	Germany	**Current Stock Price:**	US$72.47
Stock Exchange:	Frankfurt Stock Ex. & OTC	**Price-to-Earnings Ratio:**	6.1
Year Founded:	1886	**Market Capitalization:**	US$77.7 billion

[1] Germany imposes a 26% withholding tax. Excluding this withholding tax, the dividend yield would be 6.2%.


Daimler AG (DDAIF) Dividend Yield History
16.00%
14.00%
12.00%
10.00%
8.00%
6.00%
4.00%
2.00%
0.00%
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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 widespread popularity of its flagship electric vehicle, the Nissan Leaf.

In mid-May, Nissan reported (5/14/18) financial results for the fourth quarter and full year of fiscal 2017. Retail volume rose by 4.8% in the twelve-month reporting period while the automotive manufacturer gained 0.2% points of market share. This was driven by exceptional performance in China, which saw unit sales increase by 12.2% over the prior year's period. Importantly, Nissan's strong operational performance translated well to its financial results. The company's fiscal 2017 generated net revenue growth of 2.0% and net income growth of 12.6%. Nissan also hiked its dividend by 10.4% during the fiscal year and repurchased 2.2% of its outstanding stock.

Looking ahead, 2018 is expected to be a poor year for Nissan's bottom line. While net revenue is forecasted to grow 0.4% (driven by 2%+ unit sales growth and partially offset by pricing decreases), the company is expecting net income to fall by approximately 33%. This is primarily due to increased capital expenditures and research & development expenses. Importantly, though, Nissan is expecting to increase its shareholder return (dividends and share repurchases) by 7.5% for fiscal 2018. Despite these short-term financial hiccups, we believe Nissan's long-term outlook remains bright.

Growth, Competitive Advantages, and Total Returns

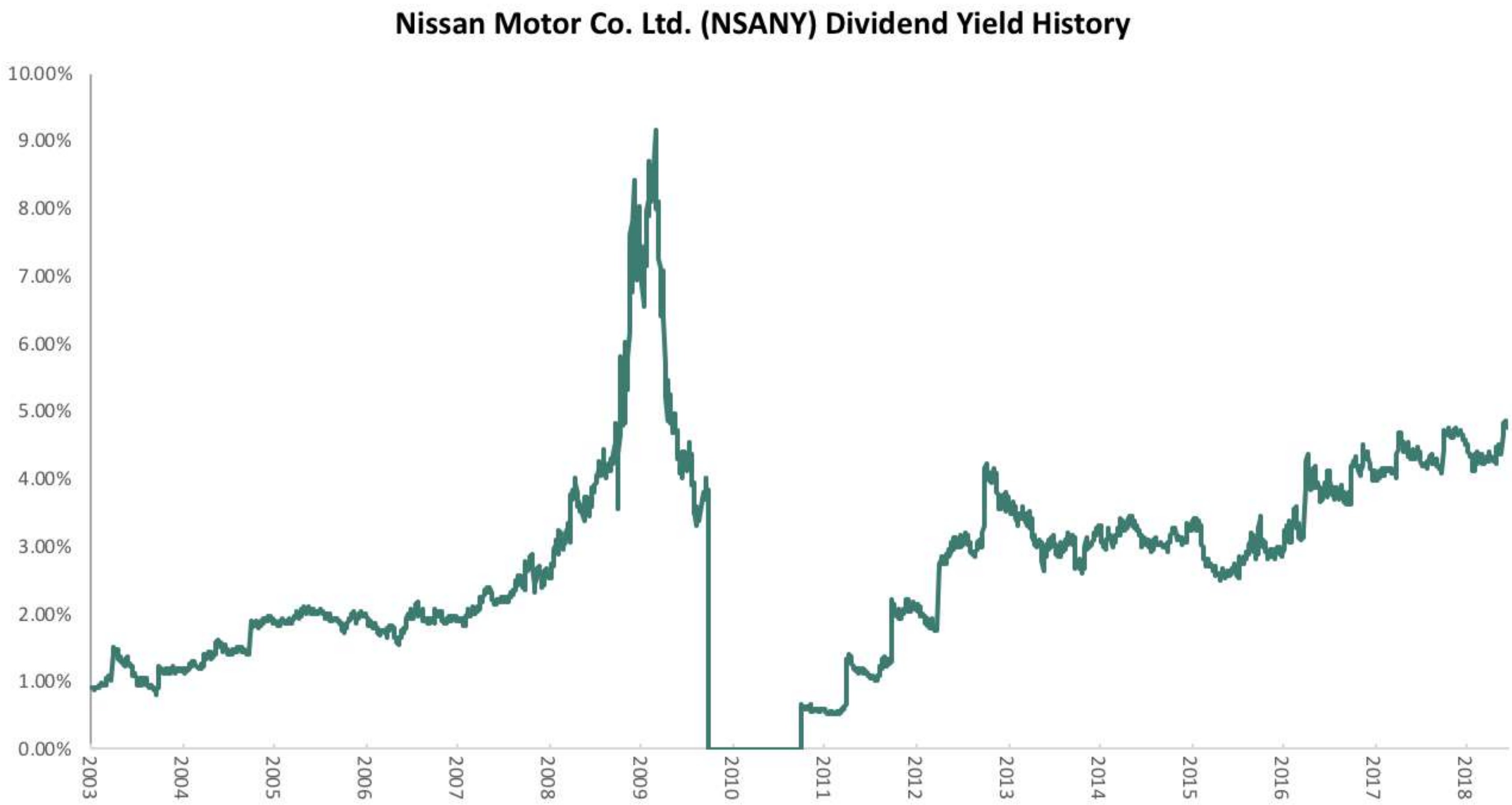
Nissan's near-term growth will be driven by the "Nissan M.O.V.E. to 2022" plan, where 'M.O.V.E.' stands for Mobility, Operational Excellence, Value to Customers, and Electrification. Under this plan, Nissan expects to grow its annual revenue at a rate of approximately 5% per year while seeing its operating margin expand to ~8% under "reasonable" economic conditions. For context, Nissan's operating margin was 4.8% in fiscal 2017. Nissan's track record (growth in unit sales each year since 2008) implies that there is a good chance it will deliver on its financial goals, although the company's recent performance has fallen short of these expectations.

Nissan reported earnings-per-share of approximately 190.97 yen in fiscal 2017, which is equivalent to US$1.73 at prevailing exchange rates. Each of Nissan's American Depository Receipts (ADRs) are equivalent to 2 ordinary shares, which gives 2017 earnings-per-ADR of US$3.46. The company's current stock price of approximately $20 implies a price-to-earnings ratio of just 5.7. Nissan's average price-to-earnings ratio since 2010 is around 9. The company's stock looks significantly undervalued. We believe that double-digit total returns are possible from valuation expansion, dividends (~4%), and earnings-per-share growth (~6%).

Key Statistics, Ratios, & Metrics

Reporting Currency:	Yen	**Dividend Yield:**	3.8[1]%
Headquarters City:	Yokohama	**TTM Earnings-Per-Share**:	US$3.46
Headquarters Country:	Japan	**Current Stock Price:**	US$20.08
Stock Exchange:	TSE & OTC	**Price-to-Earnings Ratio:**	5.7
Year Founded:	1933	**Market Capitalization:**	US$38.3 billion

[1] Japan imposes a 15% dividend withholding tax. Excluding this withholding tax, the dividend yield would be 4.5%.


Nissan Motor Co. Ltd. (NSANY) Dividend Yield History
10.00%
9.00%
8.00%
7.00%
6.00%
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4.00%
3.00%
2.00%
1.00%
0.00%
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Honda Motor Co. Ltd (HMC)

Overview & Current Events

The Honda Motor Company is Japan's second-largest automobile manufacturer (behind Toyota) and the country's largest manufacturer of motorcycles. Honda also produces power tools and aircraft. It was founded in 1948 and has grown to a market capitalization of more than US$57 billion and a team of more than 212,000 employees. North America is responsible for approximately 50% of Honda's revenue, with Asia (excluding Japan) contributing ~25% and much of the remainder coming from Japan. American investors can invest in Honda through American Depository Receipts that trade on the New York Stock Exchange under the ticker HMC.

In late April, Honda reported (4/27/18) financial results for the fourth quarter and full year of fiscal 2018 (which ended on March 31). Top-line revenue increased 4% (or 6% on a constant-currency basis) thanks to strong, fundamental performance in each of Honda's business lines. In particular, sales of Honda motorcycles increased by 15%, driven by 12% volume growth. Earnings-per-share of US$0.57 increased by 18.8% over the $0.48 reported in the prior year's period. All said, it was a strong quarter from Honda, but the company's shares have fallen following the announcement. This is perhaps due to the trade discussions that are underway between the U.S. and other countries (including Japan).

Honda also separately announced (4/27/18) an 8% increase to its quarterly dividend payment. At the same time, the board announced a decision to acquire 18 million of its outstanding shares (or approximately 1% of its share count) for up to 70 billion yen. The repurchase authorization begins in May and runs until the conclusion of calendar year 2018. Honda appears committed to returning cash to shareholders, as this follows a 4% dividend hike and 24 million shares repurchased in 2017.

Growth, Competitive Advantages, and Total Returns

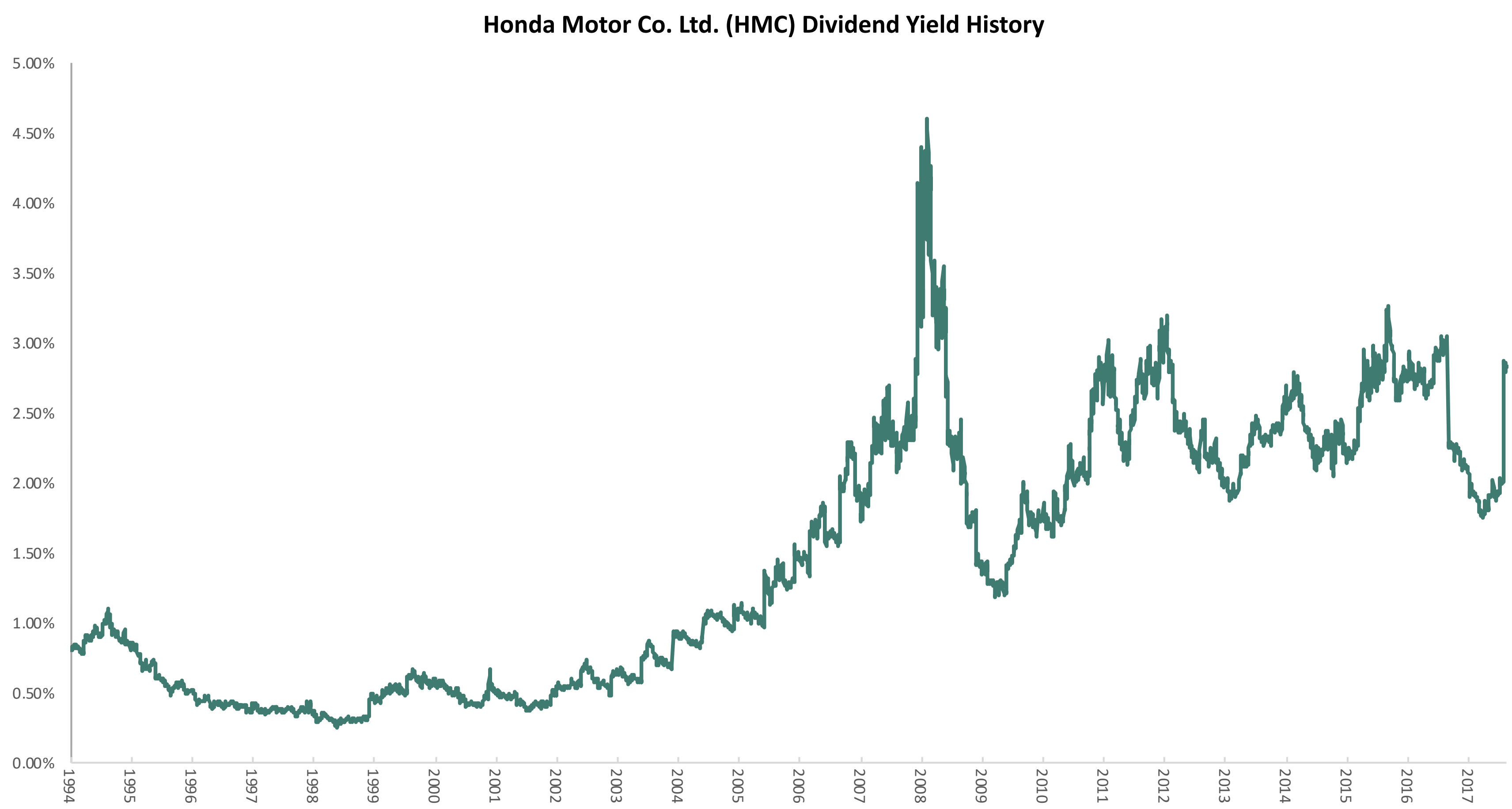
Honda's motorcycle business is currently its fastest-growing operating segment. That segment's sales increased by 15.3% in fiscal 2018, driven by sales growth in emerging markets like India, Vietnam, and Thailand. On the automobile front, sales growth in China and Japan has more than offset declines in North America, where Honda refuses to partake in the deep incentive programs being implemented by other manufacturers. We believe this is a wise choice as it prevents Honda from experiencing any future financial difficulties like some of its peers in the last recession.

Honda generated earnings-per-ADR of US$3.75 in fiscal 2018 and its ADRs currently trade at around $32. This implies a price-to-earnings ratio of 8.5. For context, Honda traded at an average price-to-earnings ratio of around 12 over the last 5 years. Although an earnings multiple of 12 may be somewhat rich for an automotive company, we still believe Honda is undervalued today. In addition, long-term earnings-per-share growth of 6% per annum is feasible for this leader in the automotive industry. We believe Honda investors can expect high single-digit or low double-digit total returns when accounting for earnings-per-share growth (6%), a 2.5% dividend yield, and valuation expansion.

Key Statistics, Ratios, & Metrics

Reporting Currency:	Yen	**Dividend Yield:**	2.5[1]%
Headquarters City:	Tokyo	**Last Year's EPS**:	US$3.75
Headquarters Country:	Japan	**Current Stock Price:**	US$31.71
Stock Exchange:	TSE & NYSE	**Price-to-Earnings Ratio:**	8.6
Year Founded:	1948	**Market Capitalization:**	US$57.7 billion

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


Honda Motor Co. Ltd. (HMC) Dividend Yield History
5.00%
4.50%
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1.50%
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Turkiye Garanti Bankasi A.S. (TKGBY)

Overview & Current Events

Turkiye Garanti Bankasi is Turkey's second-largest bank, with assets of $94 billion, more than 15 million customers, and over 940 branches. It offers a wide variety of financial services, including commercial, retail, private, and investment banking. It also provides pension and life insurance, brokerage, and asset management services.

As the economy in Turkey recovers from the debt crisis and global recession over the past decade, Garanti's fundamentals are improving. It delivered strong first-quarter results on 4/26/18, thanks mostly to loan growth. Consumer and business loans rose 15% and 19%, respectively. In addition, Garanti has made big strides in payments. Fees increased 34% last quarter from higher payment systems revenue. Overall, net income increased 18% quarter-over-quarter and 31% year-over-year.

Growth, Competitive Advantages, and Total Returns

Turkey is one of the world's emerging markets, as it is experiencing high economic growth rates. In 2017, Turkey's gross domestic product (GDP) rose by 7.4%. Furthermore, the Organization for Economic Cooperation and Development (OECD) expects Turkey's economy to expand by 5.3% in 2018 and 5.1% in 2019. These GDP growth rates are much higher than those reported by developed economies. High rates of GDP growth for Turkey will naturally benefit the banking industry. In 2018, Garanti expects 10% asset growth and 14%-15% loan growth.

As the Turkish economy expands, interest rates will likely rise to stem inflation. Banks are among the beneficiaries of rising interest rates, as they can collect higher income from loans. Increasing investment income will flow directly to Garanti's bottom line.

Garanti is in a prime position to capitalize on the local economic growth in Turkey, because of its industry position. As the second-largest bank in Turkey, Garanti has access to capital resources that smaller competitor banks cannot match. It can also attract new customers and take share from smaller competitors, because of its expansive services and large number of branches.

We have modest growth assumptions for Garanti over the next five years. We expect mid-single-digit earnings growth for Garanti each year, in the 4%-6% range. In addition to earnings growth, shareholder returns will be fueled by dividends and valuation changes. The company paid dividends of approximately US$0.08 per share in 2017 (one ADS is equal to one ordinary share). Based on the current share price, this represents a dividend yield of 3.8%, after withholding taxes. The dividend appears secure, as Garanti had a payout ratio of approximately 25% in 2017. We also view the stock as undervalued, with a fair value price-to-earnings ratio of 7-8. Expansion of the price-to-earnings ratio could add 3%-4% to Garanti's annual returns. As a result, the combination of earnings growth, dividends, and an expanding valuation, could generate total shareholder returns of ~11%-14% per year.

Key Statistics, Ratios, & Metrics

Reporting Currency:	Lira	**Dividend Yield:**	3.8%[1]
Headquarters City:	Istanbul	**TTM Earnings-Per-Share**:	US$0.32
Headquarters Country:	Turkey	**Current Stock Price:**	US$1.77
Stock Exchange:	NYSE	**Price-to-Earnings Ratio:**	5.5
Year Founded:	1946	**Market Capitalization:**	US$7.5 billion

[1] Turkey imposes a 15% dividend withholding tax for U.S. investors. Excluding this tax, the dividend yield would be 4.5%.


Turkiye Garanti Bankasi (TKGBY) Dividend Yield History
6.00%
5.00%
4.00%
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Closing Thoughts
- What Percentage of Your Portfolio Should be in International Securities? -

Many traditional asset managers recommend a fixed percentage of your portfolio be invested in international securities. Allocating a portion of your portfolio to invest in securities outside the United States is generally sound advice.

However, there is no one consensus number on the percentage of your portfolio to invest in international equities. Generally, the recommendation is from 15% to 50% of your *equity* allocation (not necessarily your entire portfolio) to be invested in international securities.

To make matters more confusing, many U.S. securities generate a sizeable portion of their revenue and earnings *outside the United States*. At the same time, many international securities generate a portion of their revenue and earnings *inside* the United States.

The economies of each individual country are increasingly tied to one another. The business prospects of many companies are increasingly not tied to their country of origin. This makes determining an exact portfolio percentage to be dedicated to international exposure difficult – and not particularly valuable.

What really matters when investing in equities is the expected total return of the securities in which you invest, combined with the safety of each company's business model.

In an increasingly connected world where it is cheaper and easier than ever before for investors in the United States (and in other developed countries) to invest internationally, great investment opportunities will not be concentrated only in one's country of origin.

The real advantage of international equity investing is casting a wider net for high-quality dividend growth securities. The degree to which more opportunities will be international versus domestic is the degree to which the U.S. market's valuation is more (or less) attractive relative to the rest of the world.

The forward P/E ratio for the global stock market ex-U.S. is 13.3 versus 16.9 for the U.S. So, U.S. securities are currently trading at a 27% premium to non-U.S. securities[1]. We believe that now is a historically good time to explore investing in international securities. The exact weight of your portfolio to invest in international securities is difficult to determine.

Instead, we advise readers to invest in the best opportunities they can find, irrespective of country of origin (but accounting for tax consequences) while maintaining a reasonably diversified portfolio (20 to 30 or so individual securities). In the end, investing in high-quality dividend growth securities trading at fair or better prices is more important than determining an exact target weighting of where these securities originated.

The next newsletter publishes on Sunday, July 15th, 2018

[1] Source: Yardeni Research, June 13th, 2018.

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[1]. 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	-3.1%
ITV (ITVPY)	January 2018	-2.0%
Dixons Carphone (DC:LN)	January 2018	-3.3%
Royal Mail (RMG:LN)	January 2018	9.6%
Acea SpA (ACE:IM)	January 2018	-15.4%
Groupe Renault (RNO:FP)	January 2018	-5.5%
Gazprom (OGZPY)	January 2018	-10.3%
Inchcape (INCH:LN)	January 2018	-0.3%
Blom Bank (BLOM:LB)	January 2018	0.0%
Yanlord Land (Z25:SP)	January 2018	1.2%
Canadian Imperial Bank (CM)	February 2018	-4.2%
Canadian National (CNI)	February 2018	8.9%
Sampo Oyj (SAXPY)	February 2018	-10.0%
Fortis (FTS)	February 2018	-4.7%
BNP Paribas (BNPQY)	February 2018	-17.7%
Nissan (NSANY)	February 2018	-4.8%
Société Générale (SCGLY)	February 2018	-16.6%
Deutsche Telekom (DTEGY)	March 2018	3.0%
Swiss Re Ltd (SSREY)	March 2018	-7.1%
Enel SpA (ENLAY)	March 2018	-5.4%
ProSiebenSat.1 Media (PBSFY)	March 2018	-12.0%
Toyota Motor Corp. (TM)	April 2018	5.0%
SK Telecom (SKM)	April 2018	1.2%
Tokio Marine (TKOMY)	April 2018	9.9%
Ping An Insurance (PNGAY)	May 2018	0.9%
Thomson Reuters (TRI)	May 2018	5.8%
Sanofi (SNY)	May 2018	2.7%
Nippon T&T (NTTYY)	May 2018	-1.4%
Turkiye Garanti (TKGBY)	May 2018	-8.8%
BT Group (BT)	June 2018	N/A
Daimler (DDAIF)	June 2018	N/A
Honda Motor Co. (HMC)	June 2018	N/A
Average		**-2.9%**
S&P 500 Average		**2.6%**

Performance over periods of 3 years or less is virtually meaningless. With 5 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.

[1] Prior to March 2018, this is the day after the 1st Sunday of the month. From March 2018 onward, it is the day after the 3rd Sunday of the month. Performance for DC:LN, RMG:LN, INCH:LN, ACE:IM, RNO:FP, and Z25:SP are in home currency. All other performance numbers are in USD.

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%
China (Mainland)	10%
Lebanon	10%
Russia	15%
Turkey	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 the proper paperwork is filed and the 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 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.