Sure Dividend International

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

September 2018 Edition

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Published on September 16th, 2018

Table of Contents

Opening Thoughts - Improving Quality & Reducing Risk - **3**
The International Top 10 – September 2018 ..... **4**
Analysis of Top 10 Securities **5**
British American Tobacco plc (BTI) 5
Enbridge Inc. (ENB) 7
Ping An Insurance (Group) Company of China Ltd (PNGAY) 9
Bank of Nova Scotia (BNS) 11
Micro Focus International plc (MFGP) 13
GlaxoSmithKline plc (GSK) 15
Sanofi SA (SNY) 17
Sun Life Financial Inc. (SLF) 19
Deutsche Telekom AG (DTEGY) 21
SK Telecom Co. Ltd (SKM) 23
Closing Thoughts - Drawdowns & Emerging Markets - **25**
List of Past Recommendations & Performance **26**
Tax Guide **28**
How To Buy International Securities **30**
Selling Guide **31**

Opening Thoughts
- Improving Quality & Reducing Risk -

The goal of our *Sure Dividend International* Newsletter is to identify undervalued and high-quality international dividend growth stocks for the long run.

We currently rank a large database of international stocks over several key metrics (including payout ratio, dividend yield, and share repurchase yield) to find our Top 10 each month.

Separately, the number of international securities in *The Sure Analysis Research Database* continues to grow. There are currently over 70 international securities in it and we plan on adding around 10 more each week for the next several weeks.

The level of scrutiny and detail of *The Sure Analysis Research Database* metrics and analysis are far higher than our current international data provider. As our database grows, it will only become more valuable.

More importantly, we can use the data in *The Sure Analysis Research Database* to make better-informed rankings in *Sure Dividend International*. This month, seven picks for our Top 10 list are from *The Sure Analysis Research Database*. The other three companies were picked using the 'old' ranking method for this month's newsletter and they are: Ping An Insurance (PNGAY), SK Telecom (SKM), and Micro Focus International (MFGP).

In the October 2018 Edition of *Sure Dividend International*, we will move fully to rankings from *The Sure Analysis Research Database*. We strongly believe this move will provide better recommendations and analysis for you and our other readers.

Indeed, you should notice that the general *quality* of our recommendations this month is higher than what it has been in the past. This is especially true regarding recession performance. Using *The Sure Analysis Research Database* rankings allows for us to better capture quality in our rankings by examining Great Recession performance in detail.

Starting next month, all *Sure Dividend International* recommendations will be required to have paid steady or rising dividends in their home currency (or very close to it if the company pays a stable payout ratio but has fluctuating earnings) over the Great Recession. Additionally, extremely high-risk countries will be removed going forward (think Russia, Syria, Turkey, etc.) to reduce risk. This change was made after examining our past recommendations, including Gazprom (OGZPY) and Turkiye Garanti (TKGBY). We have not issued sell recommendations for these past recommendations but will be monitoring them closely.

We also allow no more than three companies from any one country, and no more than three companies from any one sector in each newsletter. This provides greater diversification among our Top 10 each month.

We are never 'done' with *Sure Dividend International*, *The Sure Analysis Research Database*, or any of our other newsletters. We seek to refine and improve them over time to better serve our readers. Thanks for reading *Sure Dividend International*. Please email support@suredividend.com with any questions.

The International Top 10 – September 2018

Name	Ticker	Mkt. Cap	Country	Price[1]	P/E	Yield[2]	Payout	Growth
Brit.-Amer.-Tob.	BTI	$112 billion	U.K.	$49	11.5	5.2%	60%	5.0%
Enbridge Inc.	ENB	$59 billion	Canada	$34	10.3[3]	5.1%	53%[4]	5.0%
Ping An Insurance	PNGAY	$175 billion	China	$19	13.1	2.1%	28%	9.0%
Bank of Nova Sco.	BNS	$71 billion	Canada	$58	10.8	3.8%	41%	8.0%
Micro Focus Intl.	MFGP	$8 billion	U.K.	$17	10.8	5.1%	55%	5.0%
GlaxoSmithKline	GSK	$98 billion	U.K.	$39	13.5	5.3%	72%	3.0%
Sanofi SA	SNY	$108 billion	France	$43	14.3	2.9%	41%	4.0%
Sun Life Financial	SLF	$23 billion	Canada	$39	10.9	3.2%	35%	7.0%
Deutsche Teleko.	DTEGY	$75 billion	Germany	$16	14.4	3.8%	55%	6.0%
SK Telecom	SKM	$19 billion	South Korea	$27	14.8	3.0%	44%	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.*

Due to significant changes in our ranking procedures (see this month's Opening Thoughts) there are seven new stocks in this month's Top 10. The three stocks that remain from last month's newsletter are: Ping An Insurance, Sanofi, and SK Telecom.

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

Dividend Yield:	3.9%	**P/E Ratio:**	12.4
Growth Rate:	5.7%	**Payout Ratio:**	48%

On average, the securities in *The Sure Dividend International Newsletter* have a mix of above-average dividend yields, mediocre growth prospects, low payout ratios, and low P/E ratios. In short, these tend to be securities that are shareholder friendly, conservative, and 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 September 12th through September 14th, 2018.

[1] Rounded to nearest U.S. dollar.
[2] After accounting for any applicable withholding taxes.
[3] Price to distributable cash flow is used instead of price-to-earnings.
[4] Distributable cash flow is used for payout ratio calculation, instead of earnings.

Analysis of Top 10 Securities

British American Tobacco plc (BTI)

Overview & Current Events

British American Tobacco is one of the world's largest tobacco companies. It has a variety of cigarette brands, with five core global brands: Dunhill, Kent, Lucky Strike, Pall Mall, and Rothmans. Its major strategic initiative in recent years was the buyout of the remaining 48% stake in Reynolds American Tobacco that it did not already own, which took place in July 2017.

In July, British American Tobacco reported (7/26/18) financial results for the second-quarter and first half of fiscal 2018. The results were boosted significantly by the Reynolds American acquisition, which propelled BTI to 11% volume growth and 57% revenue growth for the first half of fiscal 2018. By geographic region, Asia-Pacific and the Middle East led the way with 5.6% revenue growth through the first six months. Excluding acquisitions and other one-time items, tobacco volumes declined by 2.2%. Fortunately, price increases drove a 1.9% revenue increase, while margin expansion and share buybacks fueled 10% adjusted earnings growth in the first half.

Growth, Competitive Advantages, and Total Returns

Tobacco companies (including BTI) face declining smoking rates. In response, BTI is passing through price increases for its core cigarette brands and is also investing in new products. BTI has a line of "reduced-risk" products, such as e-cigarettes, vapor, and heated tobacco products including its Vuse, glo, and Vype products. These next-generation products represent BTI's future.

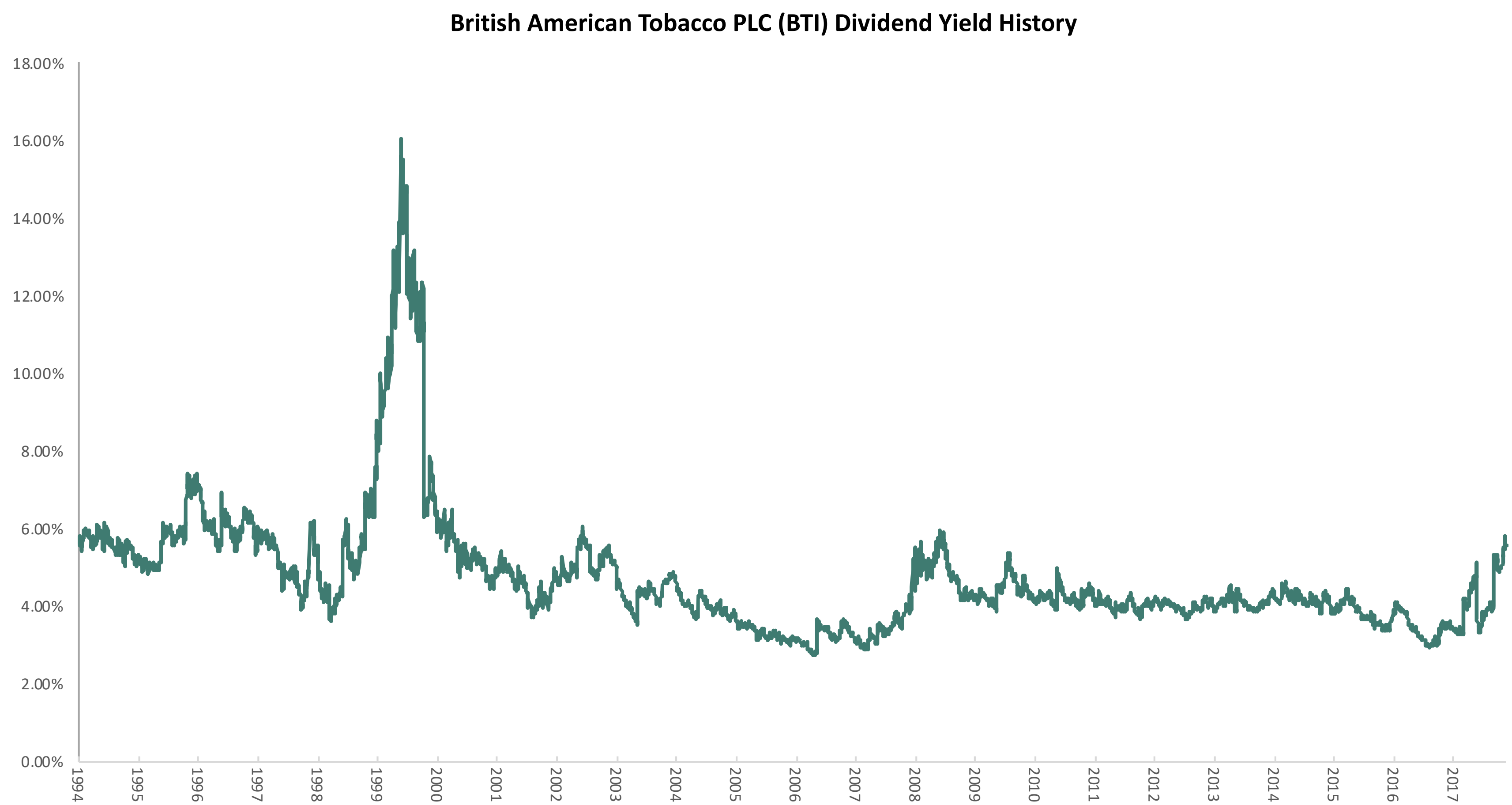
Despite the challenges facing tobacco companies, we believe BTI still has positive growth potential as a result of its product innovation and competitive advantages. The company has deep pockets, which allowed it to invest over US$2.5 billion in new product development since 2012. This investment will help the company retain its competitive position within the tobacco industry. Tobacco companies also enjoy high brand loyalty, which allows BTI to raise prices over time. And, BTI performs very well during recessions. BTI's earnings-per-share declined by just $0.02 during the Great Recession of 2007-2009, as consumers still buy cigarettes even during recessions.

Dividends will represent a significant portion of BTI's total returns, which should be expected for a tobacco stock. BTI set 2018 dividends of 1.95 pounds per share. Based on current exchange rates, this results in a payout of approximately US$2.53 per share. As a result, BTI has an attractive dividend yield of 5.2%. In addition, total returns will be boosted by valuation changes and earnings growth. The stock has a price-to-earnings ratio of 11.5, below our fair value estimate of 15.0, which means a rising valuation could add 5.5% to its annual returns. Lastly, we forecast 5% annual earnings growth over the next five years. Add it all up, and BTI's expected total returns are 15.7% per year, which makes the stock an attractive buy for value and income investors.

Key Statistics, Ratios, & Metrics

Reporting Currency:	Pounds	**Dividend Yield:**	5.2%[1]
Headquarters City:	London	**TTM Earnings-Per-Share**:	US$
Headquarters Country:	England	**Current Stock Price:**	US$49.00
Stock Exchange:	LSE & NYSE	**Price-to-Earnings Ratio:**	11.5
Year Founded:	1902	**Market Capitalization:**	US $112.3 billion

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


British American Tobacco PLC (BTI) Dividend Yield History
18.00%
16.00%
14.00%
12.00%
10.00%
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4.00%
2.00%
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Enbridge Inc. (ENB)

Overview & Current Events

Enbridge is North America's largest energy infrastructure company. It delivers an average of 2.9 million barrels of crude oil through its pipelines each day and accounts for approximately 65% of U.S.-bound Canadian crude oil exports. In addition, Enbridge operates electric utilities that serve approximately 3.7 million retail customers in the Canadian provinces of Ontario, Quebec, and New Brunswick. Enbridge operates in the following segments: Liquids Pipelines, Gas Distributions, Energy Services, Gas Transmission & Midstream, and Green Power & Transmission. Enbridge is cross-listed on both the Toronto Stock Exchange and the New York Stock Exchange.

In early August, Enbridge reported (8/3/18) financial results for the second-quarter of fiscal 2018. In the quarter, the company saw broad-based growth of several important operating metrics. More specifically, Enbridge saw adjusted EBITDA increase by 22.6% while distributable cash flow increased by 40.3% and adjusted earnings-per-share increase by 58.5%. Enbridge's strong performance was driven by robust operational results across each of its major businesses, particularly the Liquids Mainline System where it moved record average volumes.

Growth, Competitive Advantages, and Total Returns

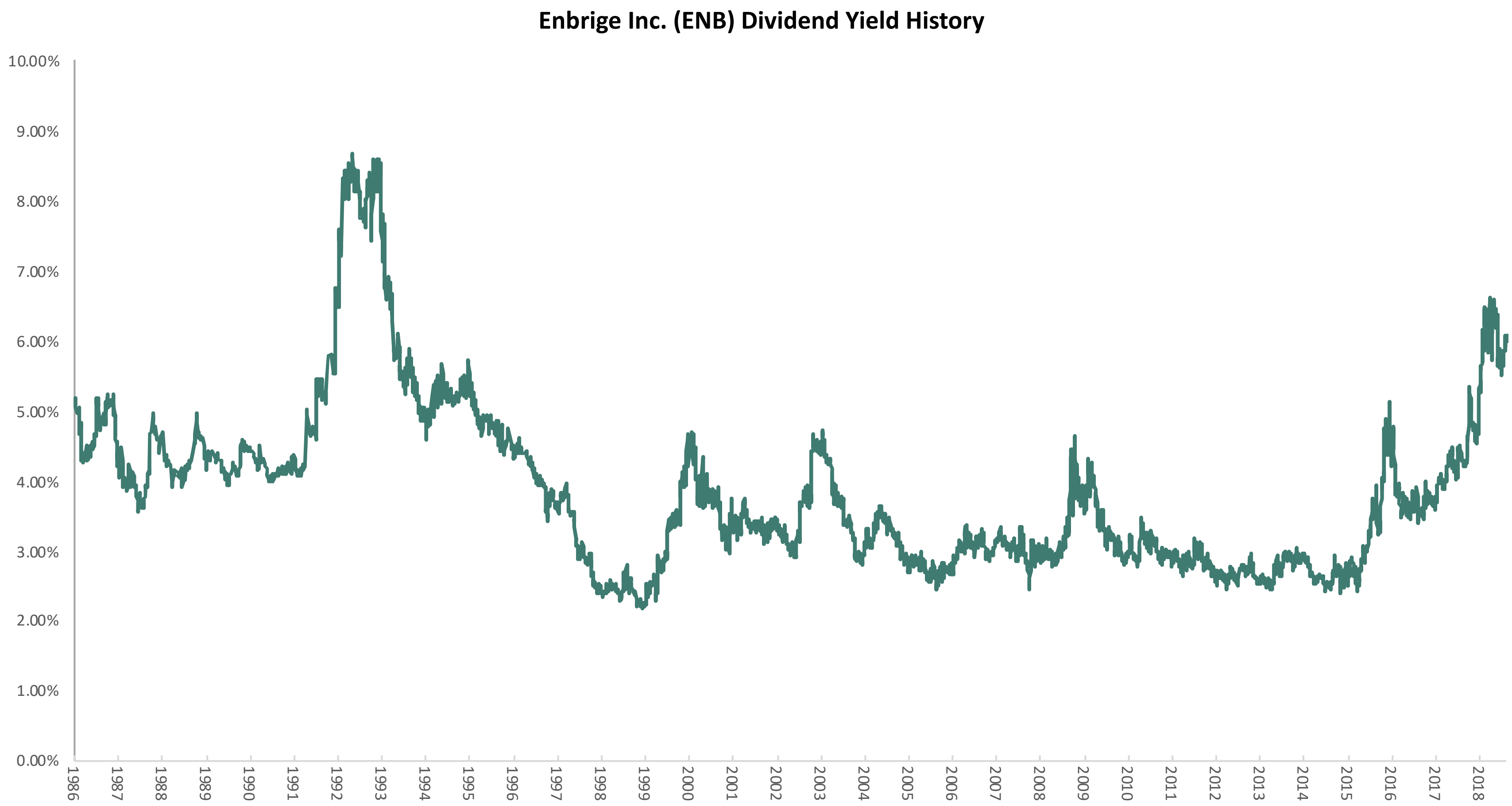
Like many energy businesses, Enbridge drives growth by raising new capital (through either debt or equity) and deploying the capital into new infrastructure projects. So far this year, the company has brought more than $12 billion of new projects into service. Separately, Enbridge has made proposals to the boards of directors of each of its sponsored vehicles – which include Enbridge Energy Partners (EEP), Enbridge Energy Management (EEQ), Spectra Energy Partners (SEP), and Enbridge Income Fund Holdings (ENF on the Toronto Stock Exchange) – to acquire the entities in exchange for Enbridge common shares. While this would be dilutive in the short-term, it will streamline the company. Importantly, it also reduces risks to the MLP business model after meaningful policy changes made earlier this year by the Federal Energy Regulatory Commission. In the long-term, it should also reduce Enbridge's cost of capital as each of the listed entities has a very high distribution yield. We support the transactions and recommend that investors monitor the progression closely.

Enbridge reaffirmed its 2018 financial guidance with the release of second-quarter earnings. The company expects to generate distributable cash flow per share in the range of CAD$4.15 to CAD$4.45. The midpoint of this guidance band (CAD$4.30, or US$3.31) implies a current price-to-DCF ratio of 10.3. For context, the company has persistently traded at a low double-digit cash flow multiple over the last decade, so it appears slightly undervalued today. Through mid-single-digit business growth (~5%), the company's high dividend yield (~5%), and some modest valuation expansion, we believe Enbridge has the potential to deliver ~14% annualized returns moving forward.

Key Statistics, Ratios, & Metrics

Reporting Currency:	Canadian Dollars	**Dividend Yield:**	5.1%[1]
Headquarters City:	Calgary	**This Year's DCF Estimate**:	US$3.31
Headquarters Country:	Canada	**Current Stock Price:**	US$34.27
Stock Exchange:	TSX & NYSE	**Price-to-DCF Ratio:**	10.3
Year Founded:	1949	**Market Capitalization:**	US$58.8 billion

[1] Canada imposes a 15% withholding tax, although this is waived in retirement accounts. Excluding the withholding tax, the dividend yield would be 6.0%.


Enbrige Inc. (ENB) Dividend Yield History
10.00%
9.00%
8.00%
7.00%
6.00%
5.00%
4.00%
3.00%
2.00%
1.00%
0.00%
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Ping An Insurance (Group) Company of China Ltd (PNGAY)

Overview & Current Events

Ping An Insurance Company of China is a Chinese financial services holding company whose subsidiaries mainly deal with insurance, banking, and financial services. The company operates in five segments: Life and Health Insurance, Property and 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.

In late August, Ping An reported (8/22/18) financial results for the first half of fiscal 2018. Through the first six months of the fiscal year, revenue increased by 16.7% while total assets increased by 5.5% and group enterprise value increased by 12.4%. Shareholders' equity also rose commensurately, rising 9.0% since the end of fiscal 2017. On the bottom line, Ping An's net income fell by 14.1%, driven entirely by a significant increase in its effective tax rate. For context, Ping An's pretax earnings actually rose by 15.6%. To pass the company's strong financial performance on to its shareholders, Ping An announced a 24.0% increase to its interim dividend payment. Ping An's earnings release was well-received by the markets and shares rose by more than 10% following the announcement.

Growth, Competitive Advantages, and Total Returns

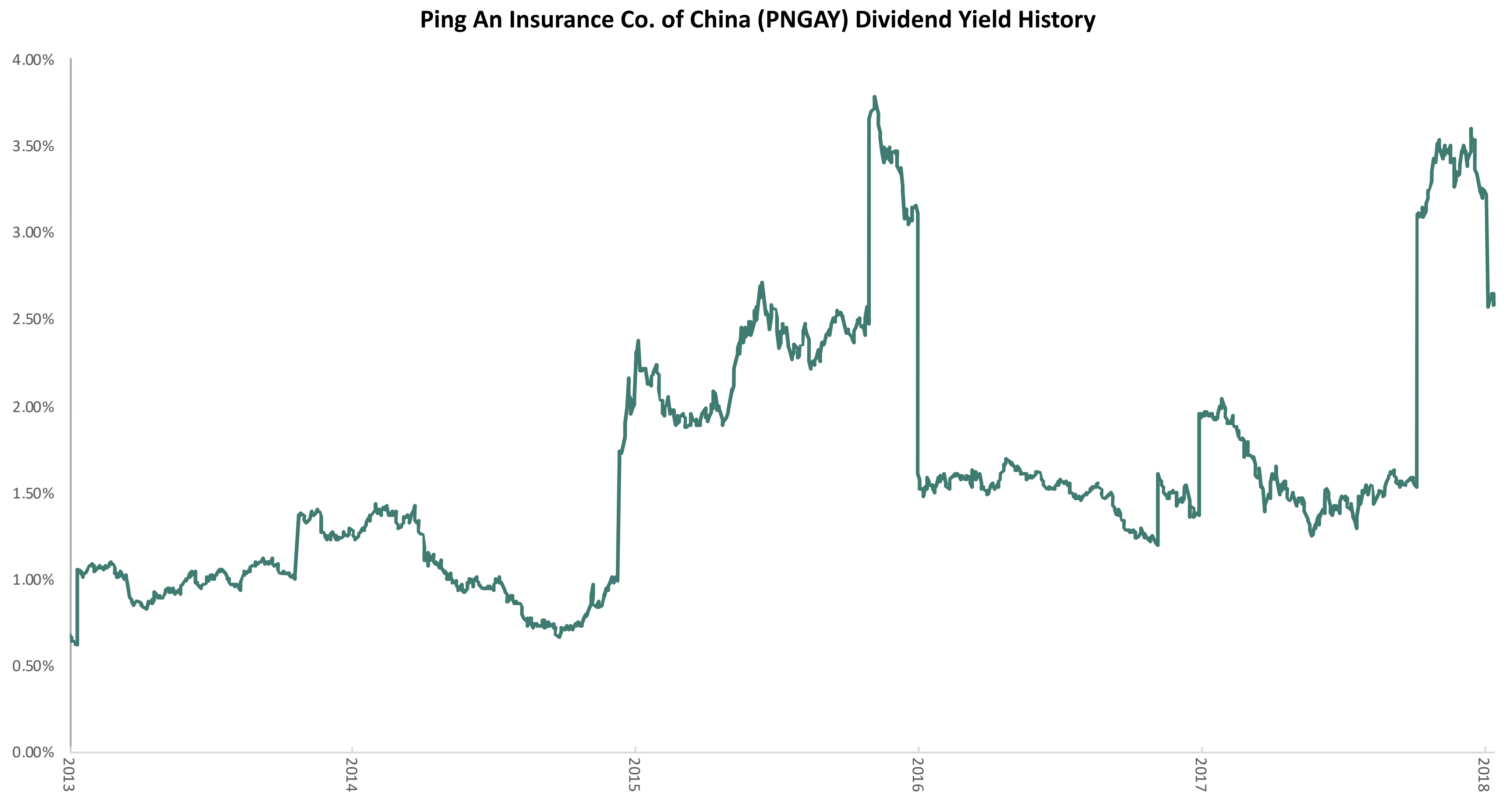
While Ping An's core businesses continue to perform well – health and life insurance saw operating profit rise 24.7% in the most recent quarter, the company's investment portfolio grew 4.2% year-on-year, while Ping An Asset Management saw AUM increase by 5.4% since last year - future growth will come 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. Ping An Good Doctor is majority-owned by Ping An Insurance but shares also trade on the main board of the Hong Kong exchange (SEHK). The initiative saw its revenue increase by a remarkable 150.3% year-on-year through the first six months of fiscal 2018. Elsewhere, Ping An owns a subsidiary called Ping An Healthcare Technology that provides smart cost control and social insurance-related services in over 200 cities in 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. 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$0.73. Given the 2-for-1 nature of Ping An's American Depository Receipts, this amounts to earnings-per-ADR of US$1.46. Ping An is trading at a price-to-earnings ratio of 13.1. We believe that a low-teens earnings multiple is appropriate for most insurance companies and that this 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 (~9% per year) and its 2.1% dividend yield (net of withholding taxes) for returns of around 11% per year.

Key Statistics, Ratios, & Metrics

Reporting Currency:	Renminbi	**Dividend Yield:**	2.1[1]%
Headquarters City:	Shenzhen	**Last Year's EPS**:	US$1.46
Headquarters Country:	China	**Current Stock Price:**	US$19.12
Stock Exchange:	SEHK & OTC	**Price-to-Earnings Ratio:**	13.1
Year Founded:	1988	**Market Capitalization:**	US$174.8 billion

[1] China imposes a 10% dividend withholding tax. Excluding the withholding tax, the dividend yield would be 2.3%.


Ping An Insurance Co. of China (PNGAY) Dividend Yield History
4.00%
3.50%
3.00%
2.50%
2.00%
1.50%
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0.00%
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2017
2018

Bank of Nova Scotia (BNS)

Overview & Current Events

The Bank of Nova Scotia - often referred to as Scotiabank - is Canada's third-largest financial institution behind the Royal Bank of Canada (RY) and the Toronto-Dominion Bank. The company operates through three business units: Canadian Banking (50% of last quarter's net income), International Banking (31%), and Global Banking and Markets (19%).

In late August, Scotiabank reported (8/28/18) financial results for the third-quarter of fiscal 2018 (the Canadian banks operate on an unusual fiscal calendar that ends with the conclusion of October). In the quarter, adjusted net income increased by 6.7% while adjusted diluted earnings-per-share rose by 4.8%. Scotiabank operated with a return on equity of 14.5%, which represented a 30 basis point decline over the 14.8% return on equity reported in the same period a year ago. Both of Scotiabank's largest segments – Canadian and International Banking – delivered strong results, reporting adjusted net income growth of 9% and 15%, respectively. Shares fell by as much as 6% in the weeks following the earnings release as the company's revenue growth slightly missed consensus analyst expectations.

Growth, Competitive Advantages, and Total Returns

Scotiabank has two growth catalysts. The first is expansion into international markets. While the other Canadian banks have been pursuing growth by expanding into the competitive United States banking industry, Scotiabank is entering Latin American markets, where it can use its size and capital to acquire and consolidate smaller banks. Early results have been promising. In the most recent quarter, the International Banking segment generated revenue growth of 9% and adjusted net income growth of 15% while operating with a net interest margin of 4.70% (compared to 2.46% for Canadian Banking).

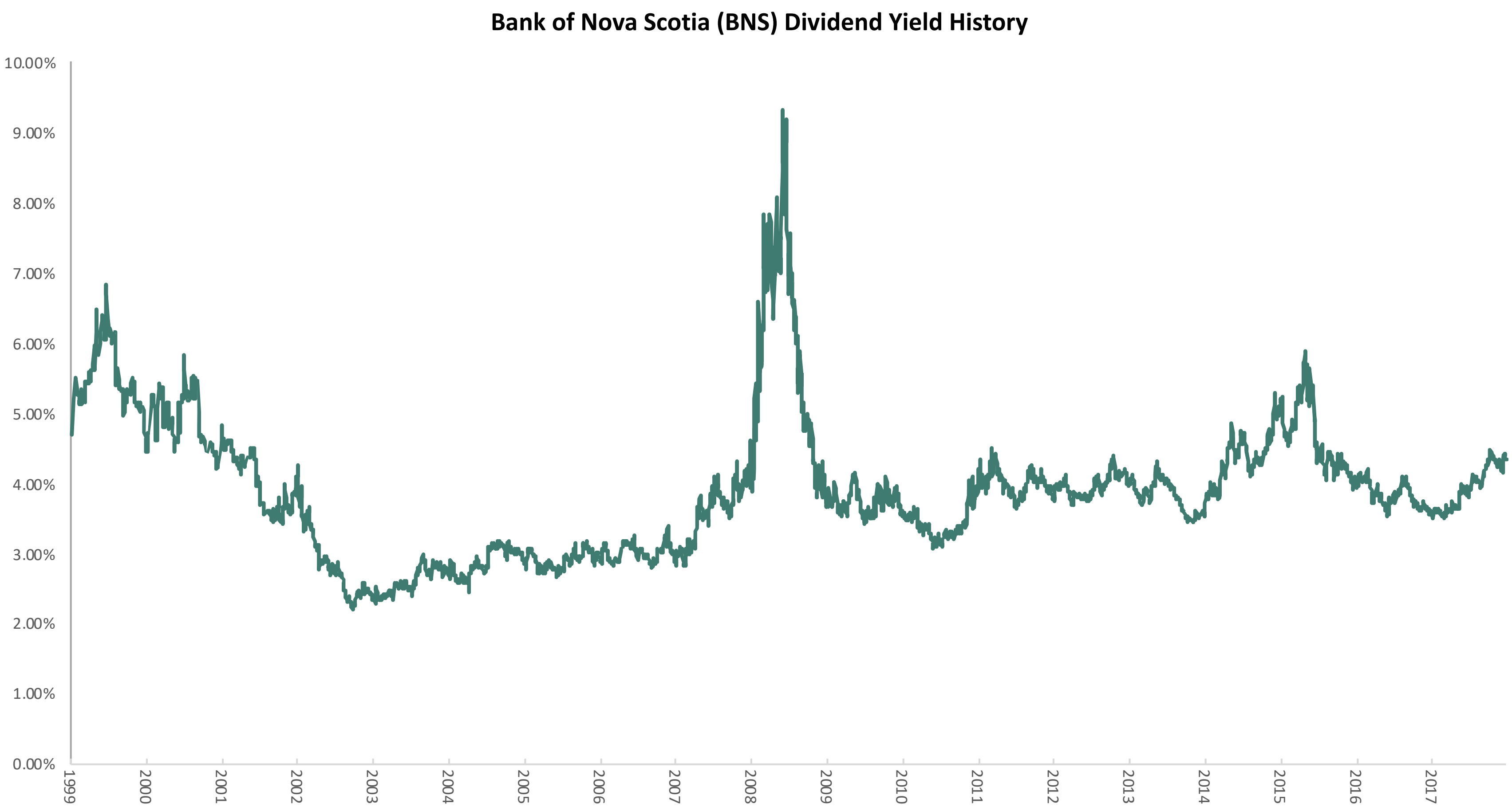
Separately, Scotiabank has pursued domestic (Canadian) growth through acquisitions for its second growth catalyst. The company recently acquired Yaroslavsky Fraser (a wealth management firm focused on institutional and ultra-high net worth clients) and MD Financial (the country's largest financial planning firm focused on serving medical doctors). Both transactions are expected to close by the end of 2018. Because of these factors, we believe that the Bank of Nova Scotia is likely to deliver 8% EPS growth over full economic cycles.

Scotiabank does not provide earnings-per-share guidance, but we believe that it is likely to deliver 2018 earnings-per-share of about CAD$7. This is equivalent to US$5.39 at current exchange rates. Using this earnings estimate, Scotiabank's NYSE-listed shares are trading at a price-to-earnings ratio of 10.8 today. The company's 10-year average earnings multiple is 11.9. If the company's price-to-earnings ratio expands to ~12 over the next 5 years, this will add ~2% to its annualized returns during this time period. Between dividend payments (3.8%), earnings growth (8%), and valuation expansion (~2%), we believe that Scotiabank has the potential to deliver annualized returns of ~14%.

Key Statistics, Ratios, & Metrics

Reporting Currency:	Canadian Dollars	**Dividend Yield:**	3.8%[1]
Headquarters City:	Toronto	**This Year's EPS Estimate**:	US$5.39
Headquarters Country:	Canada	**Current Stock Price:**	US$57.99
Stock Exchange:	TSX & NYSE	**Price-to-Earnings Ratio:**	10.8
Year Founded:	1832	**Market Capitalization:**	US$71.3 billion

[1] Canada imposes a 15% withholding tax, although this is waived in retirement accounts. Excluding the withholding tax, the dividend yield would be 4.0%.


Bank of Nova Scotia (BNS) Dividend Yield History
10.00%
9.00%
8.00%
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Micro Focus International plc (MFGP)

Overview & Current Events

Micro Focus International is a global software as a service (SaaS) enterprise that primarily services corporate customers within the Global 2000 (the largest companies in the world as ranked by Forbes). The company's products include information technology infrastructure, enterprise applications, and emerging technologies to address complex business requirements. Micro Focus International's operating segments include Security, IT Operations Management, Application Delivery Management, Information Management & Governance, and Application Modernization & Connectivity.

In mid-July, Micro Focus International reported (7/11/18) financial results for the six months ended April 30th, 2018. In the reporting period, the company saw a pro-forma constant-currency revenue decline of 8.0%. Margin improvements helped the company's bottom line perform far better. More specifically, Micro Focus saw its adjusted EBITDA margin expand from 31.8% last year to 36.0% this year, a remarkable 420 basis point improvement year-on-year. On the bottom line, Micro Focus International generated 0.5% growth in adjusted earnings-per-share as the aforementioned margin expansion more than offset revenue declines.

Micro Focus International also provided financial guidance. The company now expects full-year constant-currency revenue to decline between 6% and 9%. Micro Focus expects the revenue decline to stabilize by October 31st, 2020, while also expecting that adjusted EBITDA margins will expand to the mid-40%'s during the same time period.

Separately, Micro Focus International announced (7/2/18) the proposed sale of its SUSE business segment. The total cash consideration for the business unit is $2.535 billion. The SUSE business develops, markets, and supports an enterprise-grade Linux operating system and related open-source software infrastructure. The implied valuation for the business unit is quite attractive, as Micro Focus International is selling it at 7.9x revenue and 26.7x adjusted operating profit (using metrics for the twelve months ending October 31, 2017). Micro Focus International plans to use to proceeds from the transaction to pay down debt, return capital to shareholders, and for general corporate purposes.

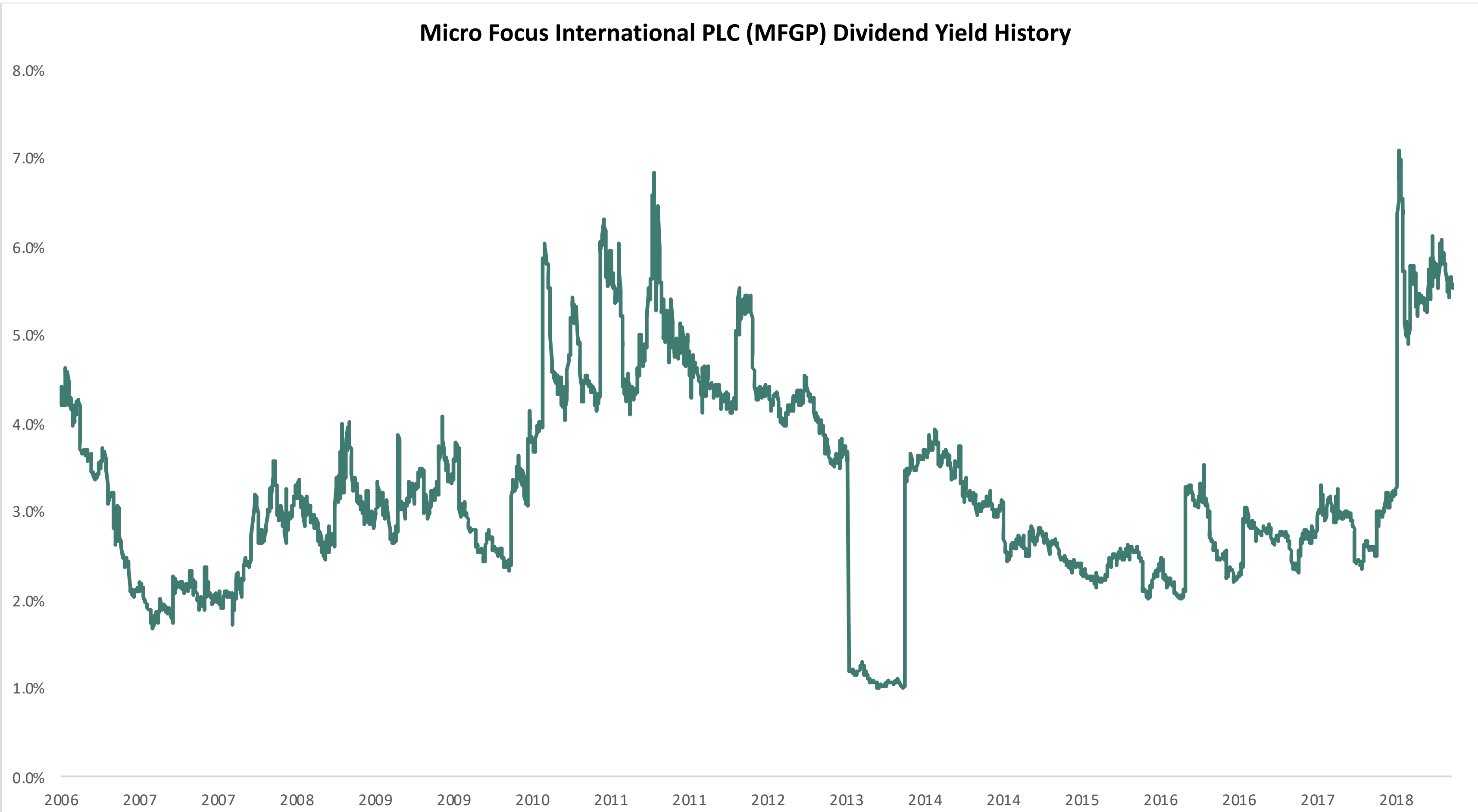
Growth, Competitive Advantages, and Total Returns

Micro Focus International has generated $0.87 of adjusted diluted earnings-per-share through the first six months of the current fiscal year. We believe the company has an excellent chance of achieving full-year earnings-per-share of about $1.60. Using this estimate, the company is trading at a price-to-earnings ratio of 10.8. For a stable SaaS business like Micro Focus, we believe that a price-to-earnings ratio of 18 is reasonable. Valuation expansion to 18 times earnings over a 5-year period would boost its total returns by nearly 11% per year. Between valuation expansion, business growth (~5%), and dividend payments (5%), Micro Focus has the potential to deliver 20%+ returns for current investors.

Key Statistics, Ratios, & Metrics

Reporting Currency:	U.S. Dollars	**Dividend Yield:**	5.1%[1]
Headquarters City:	Newbury, Berkshire	**This Year's EPS Estimate**:	US$1.60
Headquarters Country:	England	**Current Stock Price:**	US$17.36
Stock Exchange:	LSE & NYSE	**Price-to-Earnings Ratio:**	10.8
Year Founded:	1976	**Market Capitalization:**	US$7.6 billion

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



Note: - Micro Focus' ADRs were only listed in 2017, so this dividend yield chart refers to the company's London Stock Exchange-listed shares which trade under the ticker MCRO.

GlaxoSmithKline plc (GSK)

Overview & Current Events

GlaxoSmithKline is a global healthcare company based in the U.K. Its beginnings trace back to 1830, when John K. Smith and his brother-in-law opened a drugstore in Philadelphia, which would later become Smith, Kline & Company. Today, GlaxoSmithKline generates annual revenue of approximately $40 billion. The company is organized into three core businesses: Pharmaceuticals, Vaccines, and Consumer Healthcare. The Pharmaceuticals segment treats a variety of serious and chronic diseases. The Vaccines segment produces pediatric and adult vaccines to prevent a range of infectious diseases including hepatitis A and B; diphtheria, tetanus and whooping cough; measles, mumps and rubella; polio, typhoid, influenza, shingles, and bacterial meningitis.

On 7/25/18 the company reported second-quarter financial results. Sales increased 4% in constant currency, led by 16% sales growth for vaccines. Consumer products sales rose 3%, followed by pharmaceuticals at 1% growth. Adjusted earnings-per-share increased 10% for the quarter, due to sales growth, margin expansion, and lower R&D expense.

Growth, Competitive Advantages, and Total Returns

In response to patent losses for key respiratory products Advair and Avodart, the company has moved aggressively into new areas to restore growth. For example, in 2014, GlaxoSmithKline sold its oncology drug portfolio to Novartis for $16 billion and acquired several of Novartis' vaccine products for $7 billion. In addition, the two companies created a consumer health joint venture, which GlaxoSmithKline eventually acquired in full for $13 billion. The consumer portfolio includes brands like Sensodyne toothpaste, Voltaren muscle gel, and Nicotinell. GlaxoSmithKline expects 7%-10% earnings growth for 2018, if no generic competitor to Advair is introduced in the U.S. However, if there is generic competition for Advair, GlaxoSmithKline cautions investors to expect 4%-7% earnings growth, which would still be a satisfactory performance.

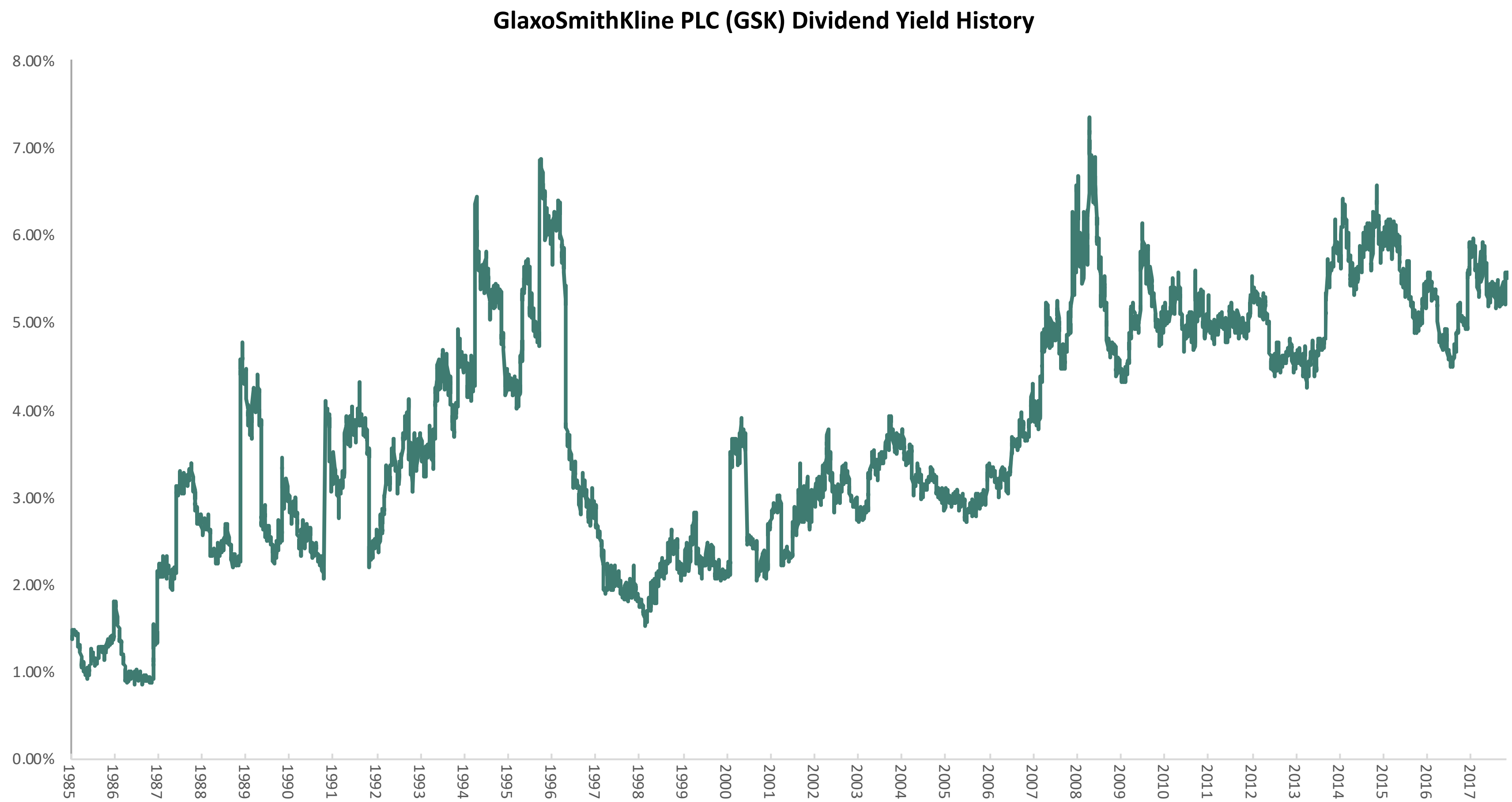
GlaxoSmithKline's future growth will be driven by its research and development spending. Approximately 80% of GlaxoSmithKline's future R&D investments will be allocated to its two most important therapeutic areas, which are respiratory and HIV/infectious diseases. The launch of HIV treatments Tivicay and Triumeq are a recent example of the company's focus on HIV and infectious disease. The company also recently announced it will invest $300 million in genetics startup 23andMe.

We expect annual earnings growth of 3% per year for GlaxoSmithKline over the next 5 years. In addition, we believe the stock is undervalued. The company is expected to earn US$2.92 per share in 2018, for a price-to-earnings ratio of 13.5. Our fair value estimate is a price-to-earnings ratio of 18, which would produce annual returns of 5.9% from valuation expansion. Lastly, GlaxoSmithKline expects to pay an annual dividend of US$2.08 for 2018, which results in a 5.3% dividend yield. Overall, we expect total annual returns of 14.2% for GlaxoSmithKline over the next 5 years.

Key Statistics, Ratios, & Metrics

Reporting Currency:	Pounds	**Dividend Yield:**	5.3%[1]
Headquarters City:	Brentford	**TTM Earnings-Per-Share**:	US$2.92
Headquarters Country:	England	**Current Stock Price:**	US$39.34
Stock Exchange:	LSE & NYSE	**Price-to-Earnings Ratio:**	13.5
Year Founded:	1830	**Market Capitalization:**	US $97.6 billion

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


GlaxoSmithKline PLC (GSK) Dividend Yield History
8.00%
7.00%
6.00%
5.00%
4.00%
3.00%
2.00%
1.00%
0.00%
1985
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Sanofi SA (SNY)

Overview & Current Events

Sanofi is a global healthcare company based in France, with a company history that goes back to the late 19th century. Sanofi had total sales of approximately US$41 billion in 2017. It operates in five core segments: General Medicines, Diabetes & Cardiovascular, Specialty Care, Vaccines, and Consumer Healthcare. The pharmaceuticals segment is the largest, representing ~75% of sales. Within pharmaceuticals, the company seeks to manufacture therapies to treat rare diseases, Multiple Sclerosis, oncology, immunology, blood disorders, and cardiovascular diseases. Sanofi also has a large consumer franchise with many popular over-the-counter brands, including Allegra, Maalox, and Nature's Own.

On 7/31/18, Sanofi announced second-quarter financial results. Constant currency net sales increased 0.1% for the quarter, reversing a decline in the previous quarter. Consumer healthcare products led the way with a 4.1% sales increase. Emerging markets reported 5.2% sales growth, including double-digit growth in China last quarter. Overall, core earnings-per-share increased 1.5%. Earnings growth also benefited from margin improvements, and share repurchases. For the full-year, Sanofi expects core earnings-per-share growth of 3%-5%.

Growth, Competitive Advantages, and Total Returns

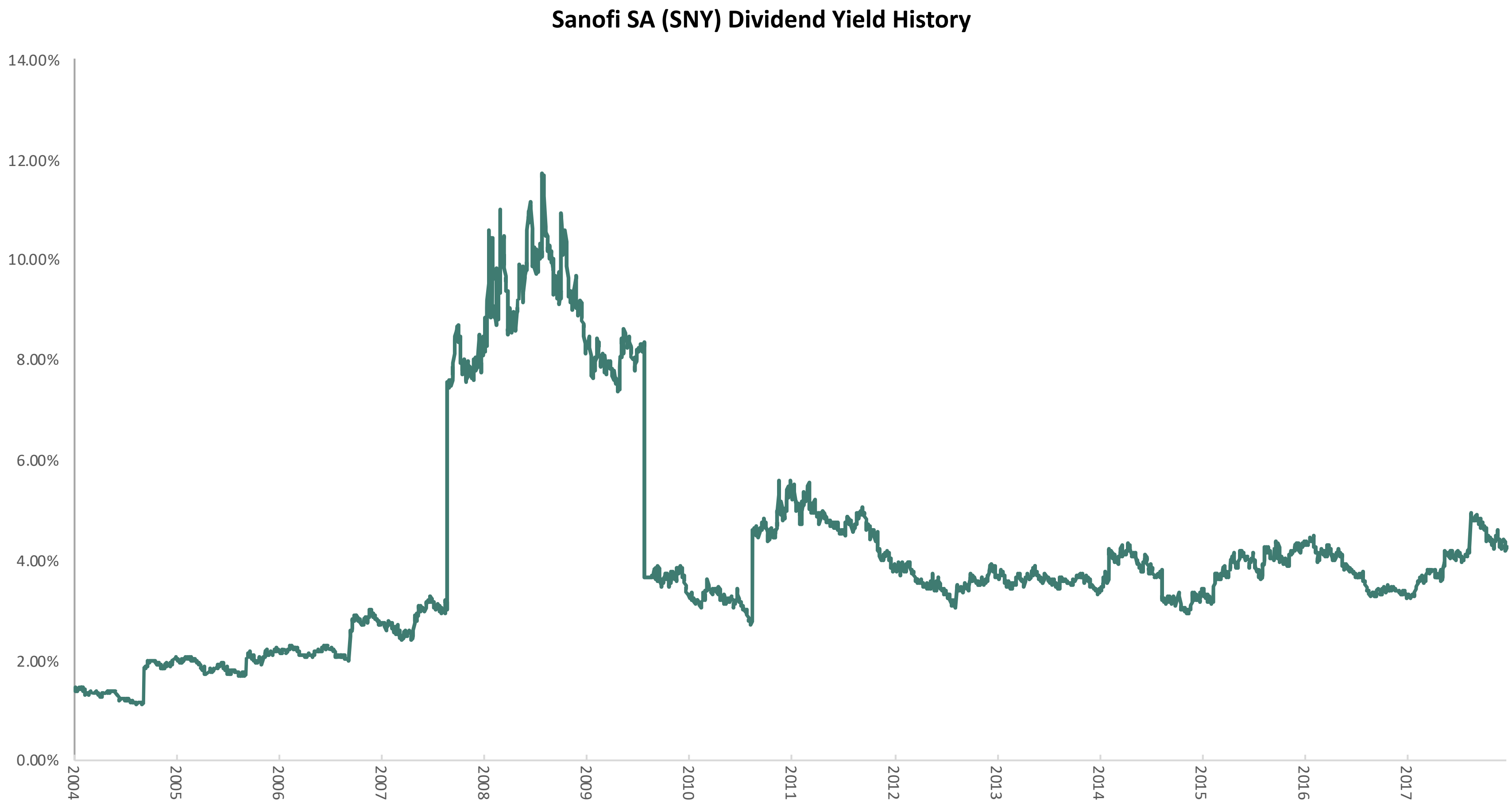
Sanofi's most important growth catalyst is its pharmaceutical pipeline, which is crucial for its future growth. Fortunately, the company has a massive global research and development platform which is its biggest competitive advantage. Sanofi invested approximately US$6.5 billion in R&D in 2017. The result of this investment is that Sanofi has a well-stocked pipeline. The company has 70 projects currently under development. To supplement its R&D, Sanofi has 79 manufacturing sites in 36 countries. Another growth catalyst for Sanofi is the emerging markets, which represent over 30% of total revenue. Emerging market sales increased 8.3% in the first-quarter, driven by double-digit growth in China and Latin America. For 2018, Sanofi expects earnings-per-share growth of 2%-5%. Earnings growth will be boosted by the recently-approved US$1.8 billion share repurchase authorization. Overall, we expect long-term earnings growth of approximately 5% annually for Sanofi.

Sanofi paid its 2018 annual dividend at a rate of US$1.79 per share (two ADS equal one ordinary share). Assuming the company holds its dividend payout steady next year, the stock would offer a dividend yield of 2.9%. There could be some potential for a dividend increase next year, since Sanofi has increased its dividend for 24 consecutive years in its local currency. Aside from dividends, we expect 4% annual earnings growth, and the stock appears to be undervalued. Using adjusted earnings-per-share of US$6.04, or US$3.02 after the ADS conversion, the stock trades for a price-to-earnings ratio of 14.3. Our estimate of fair value is a price-to-earnings ratio of 18.3, which could add 5.0% to Sanofi's annual returns. This results in expected annual returns of approximately 11.9% per year over the next five years.

Key Statistics, Ratios, & Metrics

Reporting Currency:	Euro	**Dividend Yield:**	2.9%[1]
Headquarters City:	Paris	**TTM Earnings-Per-Share**:	US$3.02
Headquarters Country:	France	**Current Stock Price:**	US$43.26
Stock Exchange:	EURONEXT Paris & NYSE	**Price-to-Earnings Ratio:**	14.3
Year Founded:	1973	**Market Capitalization:**	US$108.2 billion

[1] France imposes a 30% dividend withholding tax for U.S. investors. Excluding this tax, the dividend yield would be 4.1%.


Sanofi SA (SNY) Dividend Yield History
14.00%
12.00%
10.00%
8.00%
6.00%
4.00%
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Sun Life Financial Inc. (SLF)

Overview & Current Events

Sun Life Financial is a Canadian financial services company that provides insurance, wealth management, mutual funds, annuities, group benefits, and retirement services. The company is headquartered in Toronto, employs approximately 34,000 people, and has operations in Canada, the United States, and Asia. Sun Life Financial's common shares are cross-listed on both the Toronto Stock Exchange and the New York Stock Exchange.

In early August, Sun Life Financial reported (8/8/18) financial results for the second-quarter of fiscal 2018. Performance was strong. Company-wide net income increased by 5.8% while adjusted earnings-per-share increased by 7.1%. Sun Life's adjusted return on equity expanded by 30 basis points, increasing to 14.0% from 13.7% in the same period a year ago. Sun Life's growth was driven by robust performance in both its insurance and wealth management businesses. More specifically, the company's insurance sales increased by 12.0% while the wealth unit's assets under management (AUM) increased by 4.5% to CAD$986.1 billion. Despite Sun Life's strong performance in the quarter, shares fell by nearly 2% on the first trading day following the earnings release even though the company beat consensus estimates on both the top and bottom lines.

Growth, Competitive Advantages, and Total Returns

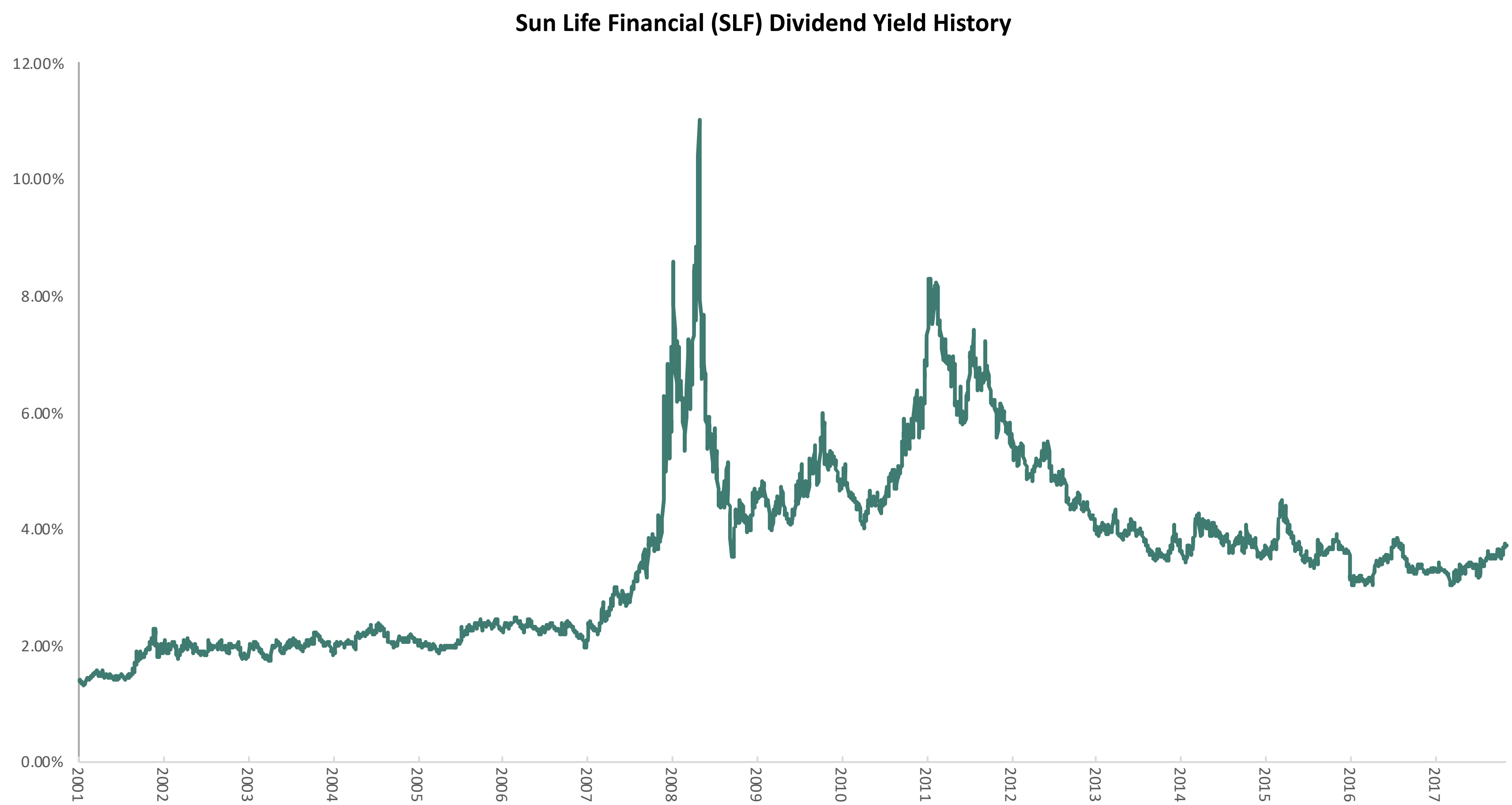
Sun Life Financial is investing aggressively in both new technologies and mergers & acquisitions to drive its future growth. More specifically, the most recent quarter saw the company expand its health provider search directory to include comparative cost information for more than 80,000 health providers, which should help it to gain an edge over its competitors in the health insurance space. Separately, Sun Life Financial closed on the acquisition of Maxwell Health, an insurance technology business that simplifies the process of employee benefits enrollment and human resources administration. We believe that 7% annualized growth in earnings-per-share is feasible for Sun Life Financial moving forward.

Sun Life Financial has generated CAD$2.46 of adjusted earnings-per-share through the first six months of fiscal 2018. We believe that the company is likely to print full-year earnings-per-share of around CAD$4.65, which is equivalent to US$3.57 at current exchange rates. Using this earnings-per-share estimate, the company's NYSE-listed shares are trading at a price-to-earnings ratio of 10.9. For context, Sun Life Financial traded at an average price-to-earnings ratio of 12.5 over the last decade. If the company's valuation multiple reverts to its long-term average over a period of 5 years, this will add about 3% to the company's annual returns during this time period. Between valuation expansion (3%), dividend payments (~3%), and earnings-per-share growth (7%), we believe that Sun Life Financial is capable of delivering total returns of around 13% per year for today's investors.

Key Statistics, Ratios, & Metrics

Reporting Currency:	Canadian Dollars	**Dividend Yield:**	3.2%[1]
Headquarters City:	Toronto	**This Year's EPS Estimate**:	US$3.57
Headquarters Country:	Canada	**Current Stock Price:**	US$38.74
Stock Exchange:	TSX & NYSE	**Price-to-Earnings Ratio:**	10.9
Year Founded:	1865	**Market Capitalization:**	US$23.4 billion

[1] Canada imposes a 15% withholding tax, although this is waived in retirement accounts. Excluding the withholding tax, the dividend yield would be 3.8%.


Sun Life Financial (SLF) Dividend Yield History
12.00%
10.00%
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Deutsche Telekom AG (DTEGY)

Overview & Current Events

Deutsche Telekom is the largest telecommunications company in Europe. 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 telecommunications services in that country. The U.S. segment includes the company's 64.8% ownership stake in T-Mobile, while the Europe segment encompasses all fixed-network and mobile operations outside Germany. Lastly, the Systems Solutions segment operates information and communication technology systems. Deutsche Telekom has 172.5 million mobile customers, 27.6 million fixed-network lines, and more than 19 million broadband lines.

On 8/9/18 the company reported strong financial results for the second-quarter of fiscal 2018. Net revenue declined by 2.8% while diluted earnings-per-share declined by 47.4%. Excluding non-recurring items, adjusted EBITDA declined by just 0.3% and its adjusted EBITDA margin expanded to 32.3%, up from 31.5% previously. *Over the first six months of 2018, adjusted net profit and free cash flow increased by 13.6% and 14.5%,* respectively, due to customer growth and margin expansion.

Growth, Competitive Advantages, and Total Returns

Deutsche Telekom is highly profitable and has positive growth potential going forward. Its high cash flow allows the company to pay its hefty dividend to shareholders, while growth from T-Mobile adds a bonus. The particularly attractive aspect of this company is that it has much higher growth than most other telecoms. We expect 6% annual earnings growth for Deutsche Telekom over the next five years. Growth will be fueled by continued customer growth, as well as 5G rollout.

Deutsche Telekom is an industry-leading company, as it dominates several high-quality markets in Europe, 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.

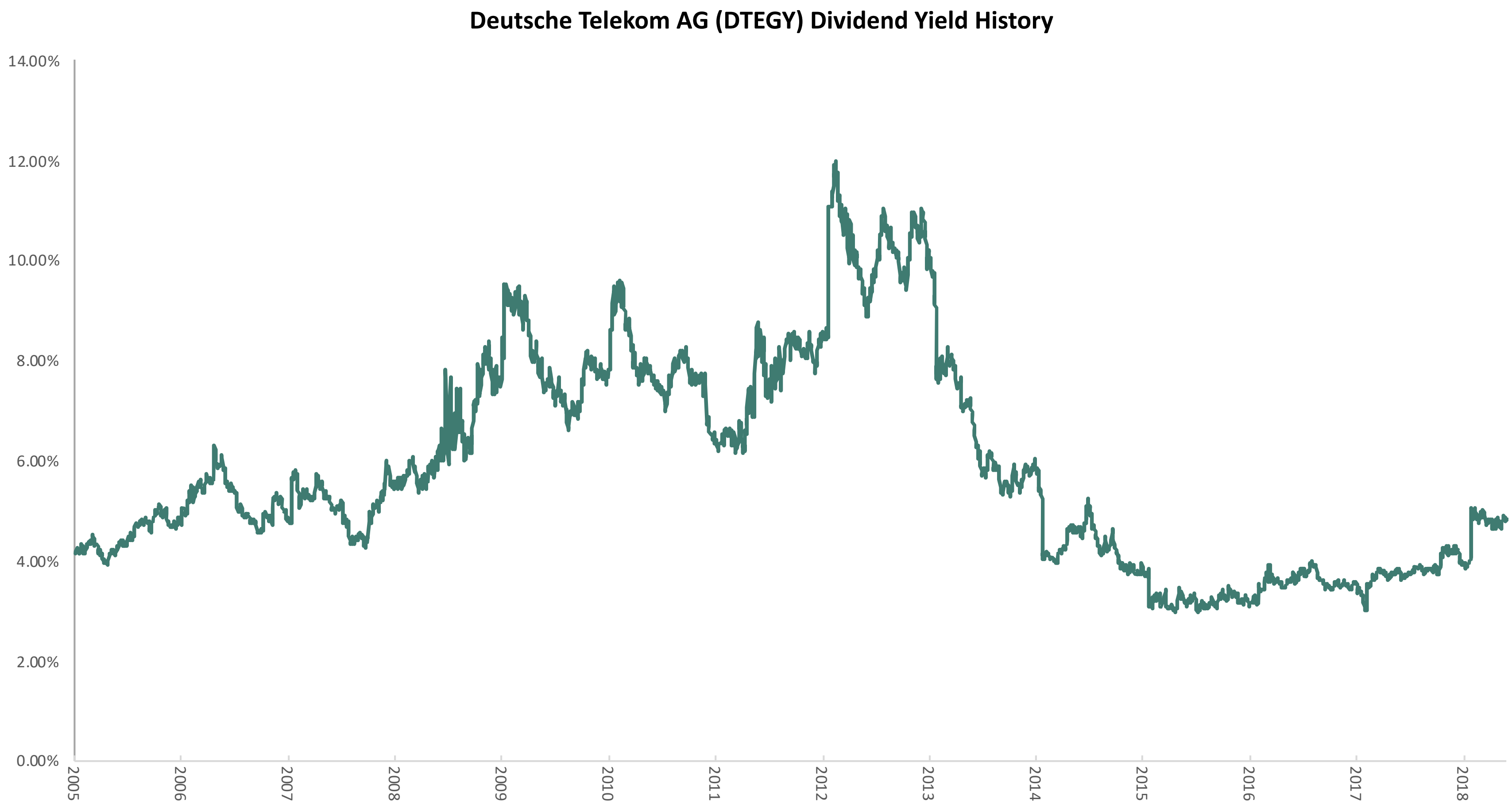
Deutsche Telekom management has proposed a 2018 annual dividend payout of EUR0.65 per share, which translates to US$0.80 based on prevailing exchange rates (one ADR equals one ordinary share). Based on the recent share price, this results in a dividend yield of 3.8% after withholding taxes. This is a fairly low yield for a telecom stock. However, Deutsche Telekom makes up for its low yield with high dividend growth. For example, in 2017, dividends per share were increased by 8.3%.

Our fair value estimate is a price-to-earnings ratio of 15. The stock is currently trading around fair value based on our expectation of $1.10 in adjusted EPS for fiscal 2018. In total we expect annualized total returns of 10.6% for Deutsche Telekom stock over the next 5 years.

Key Statistics, Ratios, & Metrics

Reporting Currency:	Euros	**Dividend Yield:**	3.8%[1]
Headquarters City:	Bonn	**TTM Earnings-Per-Share**:	US$1.51
Headquarters Country:	Germany	**Current Stock Price:**	US$15.83
Stock Exchange:	FRA & OTC	**Price-to-Earnings Ratio:**	14.4
Year Founded:	1995	**Market Capitalization:**	US $75.4 billion

[1] Germany imposes a 26.375% dividend withholding tax for U.S. investors. Excluding this tax, the dividend yield would be 5.1%.


Deutsche Telekom AG (DTEGY) Dividend Yield History
14.00%
12.00%
10.00%
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0.00%
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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 7/27/18, SK Telecom announced second-quarter financial results. Revenue fell by 4.4% for the quarter, while operating income declined 18% year-over-year. Despite this, operating income increased 6.6% from the previous quarter, which is a positive signal for an eventual return to growth. The company is making significant investments that have weighed on profitability in the short-term, such as the acquisition of 100 megahertz of bandwidth at a June spectrum auction. This lays the groundwork for 5G rollout, a major growth catalyst for the future. And, SK Telecom recorded its lowest-ever churn rate of 1.2% last quarter.

Growth, Competitive Advantages, and Total Returns

Investors typically buy shares of telecom companies for stable cash flow and reliable dividends. While telecoms are usually not associated with growth stocks, SK Telecom offers the stability of large-cap telecom stocks, with the added bonus of positive growth potential. SK Telecom has compelling growth catalysts, which include 5G rollout, and new technologies such as autonomous driving and the Internet of Things (IoT). SK Telecom made a large purchase of spectrum last quarter to prepare for 5G rollout over the next year. It has also made a series of deals to boost its growth potential in new technologies. For example, on 5/8/18 SK Telecom announced it will purchase a 55% stake in ADT Caps, South Korea's second-largest security services provider. Separately, 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.

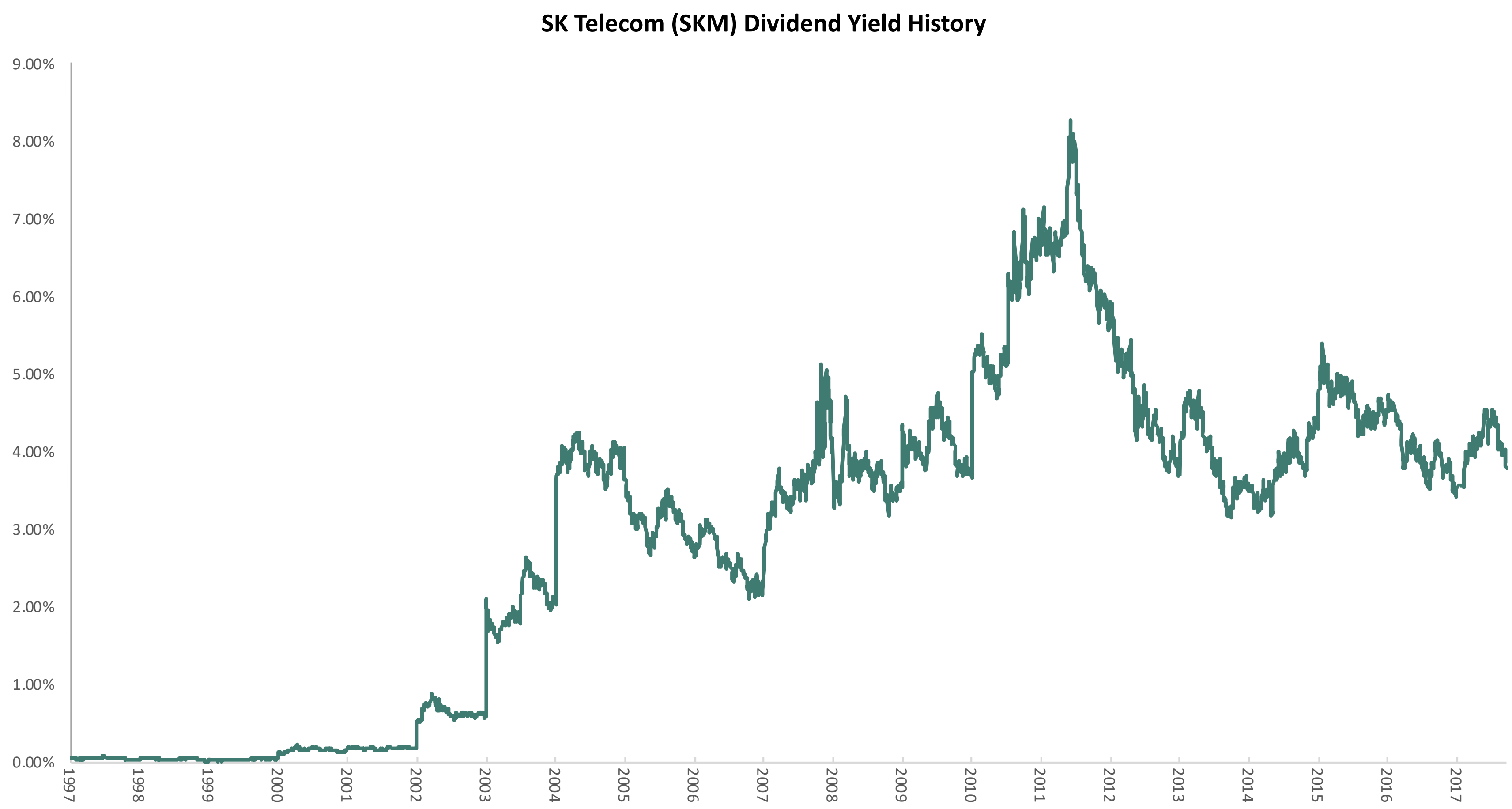
SK Telecom's main competitive advantage is its industry-leading position, which fuels its growth. According to the company, SK Telecom has been rated the No. 1 mobile carrier in the National Customer Satisfaction Index (NCSI) for 21 years in a row. Another competitive advantage is SK Telecom's strong balance sheet. It has a credit rating of A- from Standard & Poor's and Fitch Ratings, which allows the company to access the capital markets to invest in growth.

SK Telecom currently has a dividend payment 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's stock dividend totals US$1.04, for a dividend yield of approximately 3.0%. Meanwhile, the stock appears to be fairly valued, with a price-to-earnings ratio of 14.8. We estimate a fair value price-to-earnings ratio of 15.0, meaning valuation expansion would add approximately 0.3% to annual shareholder returns. Combined with 5% forecasted annual earnings growth and the 3.0% dividend yield, total returns could reach 8.3% per year for SK Telecom stock over the next five years.

Key Statistics, Ratios, & Metrics

Reporting Currency:	Won	**Dividend Yield:**	3.0%[1]
Headquarters City:	Seoul	**TTM Earnings-Per-Share**:	US$1.81
Headquarters Country:	South Korea	**Current Stock Price:**	US$26.82
Stock Exchange:	KRX & NYSE	**Price-to-Earnings Ratio:**	14.8
Year Founded:	1984	**Market Capitalization:**	US$19.5 billion

[1] South Korea imposes a 22% dividend withholding tax for U.S. investors. Excluding this tax, the dividend yield would be 3.9%.


SK Telecom (SKM) Dividend Yield History
9.00%
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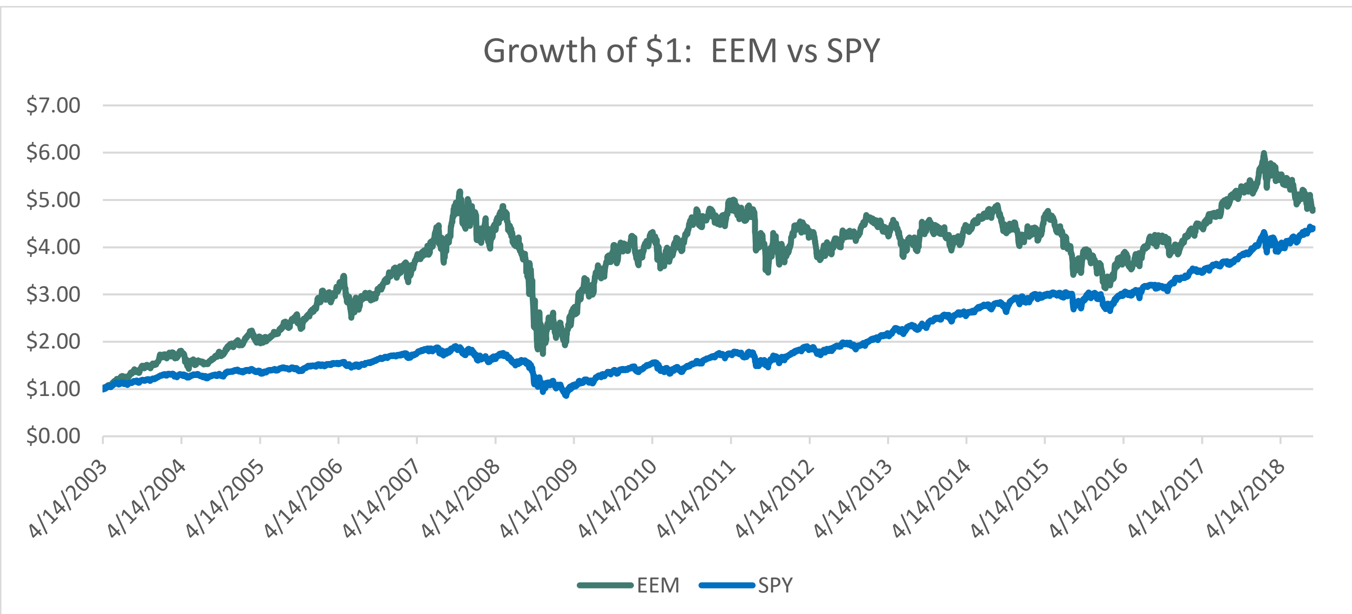
Closing Thoughts
- Drawdowns & Emerging Markets -

Emerging markets are more volatile than the S&P 500. Investors tend to *underestimate* the volatility of emerging markets.

Note: All data for these closing thoughts is from the iShares Emerging Markets ETF (EEM) and the SPDR S&P 500 ETF (SPY). Data is from 4/14/2003 (the first day EEM was available) through 9/12/2018.

It has been more than 15 years since the Emerging Markets ETF (EEM) was created. In that time, it has spent a remarkable ***64% of the time*** **down 10% or more** from its previous high. For comparison, the S&P 500 had drawdowns of 10% or more only 24% of the time.

Despite this, $1 invested in EEM on 4/14/2003 was worth $4.80 through 9/12/2018, versus $4.40 for the same investment in SPY.



The maximum drawdown over this time period for EEM of 66% occurred on November 20th, 2008, during the Great Recession. A maximum drawdown of 66% means investors lost nearly 2/3 of their security's previous high value; a very difficult situation to stomach. For comparison, SPY's maximum drawdown over the same time frame of 55% occurred on March 9th, 2009. SPY's maximum drawdown was quite severe as well; when markets collapse, being down 'just 55%' instead of 66% is a small consolation.

Emerging market returns are volatile but are expected to outperform developed markets over the long run due to greater population growth and greater GDP per capita growth.

Investors in emerging market stocks must understand the greater volatility and prepare themselves to hold through the 'bad times' to get greater upside.

The next newsletter publishes on Sunday, October 21st, 2018

List of Past Recommendations & Performance

Performance is calculated using the closing price on the first trading day *after* the newsletter publishes[1]. Returns include dividends.

Name & Ticker	Newsletter Date	Total Returns
Aegon (AEG)	January 2018	-0.1%
ITV (ITVPY)	January 2018	-6.7%
Dixons Carphone (DC:LN)	January 2018	-16.9%
Royal Mail (RMG:LN)	January 2018	9.8%
Acea SpA (ACE:IM)	January 2018	-11.8%
Groupe Renault (RNO:FP)	January 2018	-12.4%
Gazprom (OGZPY)	January 2018	4.9%
Inchcape (INCH:LN)	January 2018	-12.9%
Blom Bank (BLOM:LB)	January 2018	-14.6%[2]
Yanlord Land (Z25:SP)	January 2018	-9.2%
Canadian Imperial Bank (CM)	February 2018	4.2%
Canadian National (CNI)	February 2018	14.1%
Sampo Oyj (SAXPY)	February 2018	-5.3%
Fortis (FTS)	February 2018	-0.3%
BNP Paribas (BNPQY)	February 2018	-21.8%
Nissan Motor Co. (NSANY)	February 2018	-8.6%
Société Générale (SCGLY)	February 2018	-18.8%
Deutsche Telekom (DTEGY)	March 2018	2.1%
Swiss Re Ltd (SSREY)	March 2018	-4.6%
Enel SpA (ENLAY)	March 2018	-10.3%
ProSiebenSat.1 Media (PBSFY)	March 2018	-16.9%
Toyota Motor Corp. (TM)	April 2018	-5.1%
SK Telecom (SKM)	April 2018	16.6%
Tokio Marine (TKOMY)	April 2018	2.3%
Ping An Insurance (PNGAY)	May 2018	-3.5%
Thomson Reuters (TRI)	May 2018	18.1%
Sanofi (SNY)	May 2018	13.0%
Nippon T&T (NTTYY)	May 2018	-6.7%
Turkiye Garanti (TKGBY)	May 2018	-46.1%
BT Group (BT)	June 2018	12.7%
Daimler (DDAIF)	June 2018	-10.6%
Honda Motor Co. (HMC)	June 2018	-8.8%
BMW (BMWYY)	July 2018	3.3%
LG Display (LPL)	July 2018	7.3%
Siemens (SIEGY)	August 2018	-7.0%
LyondellBassell (LYB)	August 2018	0.0%
Roche Holdings (RHHBY)	August 2018	5.7%
BASF (BASFY)	August 2018	-5.5%

[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.

[2] Due to data discrepancy, start price is the price as recommended in the January 2018 issue of *Sure Dividend International*, and not the following trading day.

British American Tobacco (BTI)	September 2018	N/A
Enbridge (ENB)	September 2018	N/A
Bank of Nova Scotia	September 2018	N/A
Micro Focus International (MFGP)	September 2018	N/A
GlaxoSmithKline (GSK)	September 2018	N/A
Sun Life Financial (SLF)	September 2018	N/A
Average		**-4.0%**
All World Ex US Average (VEU)		**-4.3%**

Performance over periods of 3 years or less is virtually meaningless. With ~8 months of return data, the return data here is nothing more than noise. It will grow in relevance over time.

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
United Kingdom	0%
Singapore	0%
China (Mainland)	10%
Lebanon	10%
Russia	15%
Turkey	15%
Japan	15%
France	15%[1]
Canada	15%[2]
Netherlands	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] Additional forms must be filed to get this tax rate (see here for more).
[2] 0% if the proper paperwork is filed and the investment is in a U.S. retirement account.
[3] The dividend withholding tax rate in the Netherlands will be reduced to 0% from 15% by 2020, pending legislation (Source).
[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).
2. Directly from a foreign stock exchange

We recommend ADRs because it can be time consuming and unwieldly to open brokerage accounts in multiple countries. There is also a convenient available alternative: open a global trading account with your current broker or a different one that offers this service. Among brokers who offer international trading are Interactive Brokers, Fidelity, E*Trade, and Charles Schwab. A global trading account also provides for purchasing international securities directly (not with ADRs).

There are 3 levels of ADRs:
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.

Our recommendation for investing in international securities is simple. If a level II or III ADR is available, that is the best way because it is safest. Level I ADRs are riskier because they tend to be relatively illiquid (lower trading volumes) and they don't have to report to the SEC.

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.

If only a level I ADR is available, we may still recommend it depending on its volume. Our rule of thumb is if average daily volume is ~$1 million or more we may recommend the ADR. If the level I ADR is thinly traded, or if no ADR exists, an investor could still invest directly in the security via that security's home exchange. As a general rule, never trade more than 5% of a security's daily volume. Since other Sure Dividend readers may also be making similar trades, we would prefer to use 1% of volume as a 'safe' level. Depending on your account size, smaller volumes may also generally be safer.

If volume is not sufficient, we will not recommend buying OTC (Level I) shares. When purchasing OTC shares, be sure to use limit orders as market orders could potentially be filled at unsatisfactory prices.

Please email us 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 also 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 of an emphasis on increasing dividends every year. Additionally, valuations and business results fluctuate more widely with many international securities, making a qualitative approach more suitable.