Sure Dividend International

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

December 2018 Edition

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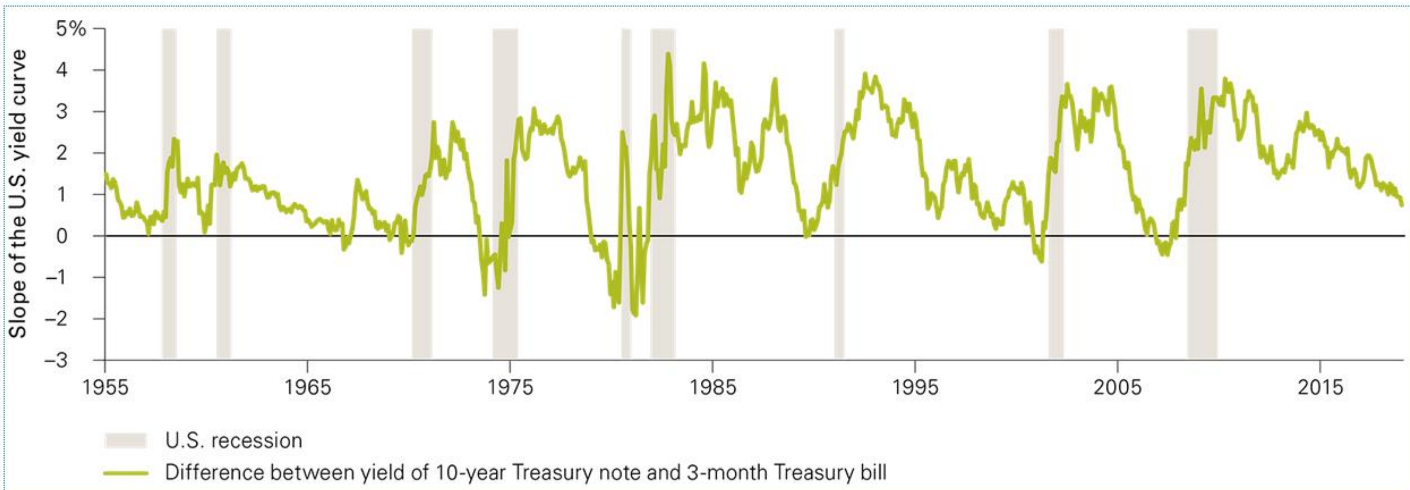
The United States yield curve inverted on December 3rd, 2018. An inverted yield curve is a bearish indicator that signals a greater likelihood of an upcoming bear market.

When the yield curve inverts it means that interest rates for shorter-term debt are higher than for longer-term debt. In other words, debt markets think things are going to get increasingly risky through time. On December 3rd, 5-year U.S. Treasuries yielded 2.83% versus 2.84% for 3-year U.S. Treasuries, resulting in yield curve inversion.

While the yield curve has *technically* inverted, historically the more common recession indicator is when the 10-year U.S. T-Bonds have a lower yield than the 3-month U.S. T-Bills. The 10-year U.S. T-Bond currently has a 2.89% yield versus 2.41% for the 3-month T-Bill. No inversion has occurred in the 10-year versus 3-month view since before The Great Recession.



Sources: Bloomberg; Vanguard calculations, as of August 31, 2018.

Source: Advisor Perspectives

Historically, yield curve inversion has signaled a bear market, *but not immediately*. The '10-year minus 3-month' yield curve inversion has historically signaled a recession in just over 10 months on average after the first inversion. No recession indicators are perfect, so caution should be used in assuming that a recession will certainly occur in the next 6 months to 1.5 years.

International investors should follow the United States markets closely. As the U.S. markets go, so too typically go international markets. This is because of how interconnected the global economy is, and how important the U.S. still is to the global economy.

In the final analysis, we will pay close attention to yield curves, *but we do not recommend timing the market*. Rather, investors should mentally prepare for the possibility of a bear market and resulting stock declines – and be prepared to *hold through the bad times* to get the very positive long-term effects of investing in high-quality stocks. While there is elevated risk for a recession currently, the common historical calculation of yield curve inversion *has not yet occurred*, despite what headlines say. As always, our recommendation remains to not panic sell and stay invested.

The International Top 10 – December 2018

Name and Ticker	Country	Price	Fair Value	P/E	Yield[1]	Payout	Growth
Imperial Oil (IMO)	Canada	$26	$27	13.9	1.8%	30%	13.0%
Can. Nat. Res. (CNQ)	Canada	$26	$39	10.1	3.2%	32%	7.0%
Fresenius Med. (FMS)	Germany	$34	$44	14.5	1.1%	22%	6.0%
Brookfield Ass. (BAM)	Canada	$41	$43	16.2	1.3%	24%	10.0%
Fortis (FTS)	Canada	$35	$37	17.9	3.3%	70%	6.0%
Infosys (INFY)	India	$10	$10	16.5	3.4%	56%	7.0%
Total (TOT)	France	$55	$64	10.3	3.7%	54%	7.0%
Sanofi (SNY)	France	$44	$60	13.5	2.0%	31%	4.0%
ABB (ABB)	Switzerland	$20	$21	14.9	2.6%	60%	8.0%
Siemens (SIEGY)	Germany	$56	$71	12.1	2.8%	46%	4.5%

Notes: *The 'Growth' column shows expected growth over the 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.*

There are seven new stocks in this month's Top 10 compared to last month's edition. Micro Focus International (MFGP), Lazard (LAZ), British American Tobacco (BTI), WPP (WPP), Enbridge (ENB), Bank of Nova Scotia (BNS), and Canon (CAJ) were replaced by Imperial Oil (IMO), Fresenius Medical (FMS), Brookfield Asset Management (BAM), Fortis (FTS), Infosys (INFY), ABB (ABB), and Siemens (SIEGY).

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

Dividend Yield:	2.5%	**P/E Ratio:**	14.0
Growth Rate:	7.3%	**Payout Ratio:**	42%

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 December 12th through December 14th, 2018.

[1] After accounting for any applicable withholding taxes.

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Analysis of Top 10 Securities

Imperial Oil Ltd (IMO)

Overview & Current Events

Imperial Oil is an integrated oil and gas conglomerate based in Canada. The company operates three core segments: Upstream, Downstream, and Chemical. The Upstream segment includes the exploration and production of crude oil and natural gas. The Downstream segment consists of the refining of crude oil into petroleum products. The Chemical segment manufactures and markets hydrocarbon-based chemical products. The company was founded in 1880, and trades with a market capitalization of US$21 billion. Exxon Mobil owns approximately 70% of Imperial Oil.

In early November (11/2/18) Imperial Oil reported its financial results for the third-quarter of fiscal 2018. Earnings-per-share jumped 114%, due to strong production volumes, supportive commodity prices, and share repurchases. The upstream segment more than tripled its earnings for the quarter, mostly due to rising oil prices since the comparable 2017 period. Downstream segment earnings rose 72%, due to increased refining margins.

Growth, Competitive Advantages, and Total Returns

The primary growth catalyst for Imperial Oil is higher commodity prices, followed closely by higher margins in the refining segment. Now that oil prices have recovered from the 2014-2016 downturn, Imperial Oil's earnings have improved as well. Continued growth is possible for Imperial Oil. According to the company, Canada has the third-highest level of oil reserves worldwide, behind only Venezuela and Saudi Arabia. Imperial Oil expects to grow its production by 15% from 2018 to 2020. Share repurchases will also help boost earnings growth. Imperial Oil reduced its share count by 5% in the last 12 months, and management intends to continue buying back stock going forward.

Imperial Oil's high-quality reserves are a major competitive advantage, as is the company's strong financial position. The company has a credit rating of AA+ from S&P. Moreover, the company has paid 100+ years of dividends and has increased its dividend (in Canadian dollars) for 24 years.

Based on projected 2018 earnings-per-share of US$1.90, Imperial Oil stock trades for a price-to-earnings ratio of 13.9. This is slightly below our fair value estimate of 14.0, a reasonable valuation for a large-cap oil stock with modest growth potential. Because of this, valuation changes are not likely to meaningfully impact the company's returns over the next five years. With that said, earnings growth and dividends will fuel positive shareholder returns. Earnings are expected to grow by 13% per year over the medium term as the company capitalizes on the oil price rally and ramps up its growth projects. In addition, the stock has a dividend yield of 1.8%. Overall, we believe that Imperial Oil's total returns could reach 13.8% per year over the next five years.

Key Statistics, Ratios, & Metrics

Reporting Currency:	Canadian Dollar	**Dividend Yield:**	1.8%[1]
Headquarters City:	Calgary	**This Year's EPS Estimate:**	US$1.90
Headquarters Country:	Canada	**Current Stock Price:**	US$27.58
Stock Exchange:	TSX & NYSE	**Price-to-Earnings Ratio:**	14.5
Year Founded:	1880	**Market Capitalization:**	US$21.2 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 2.1%.

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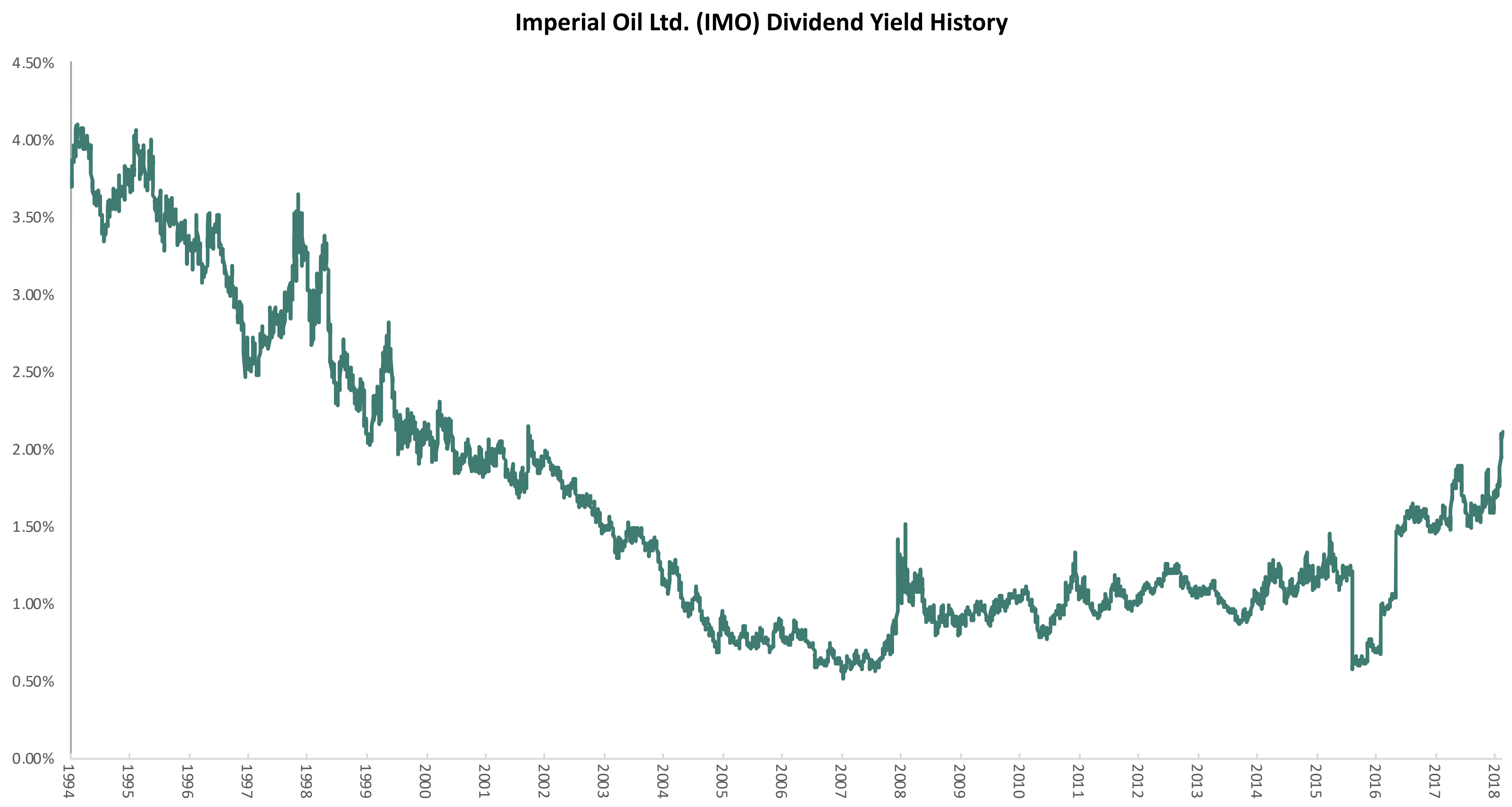

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Canadian Natural Resources Ltd (CNQ)

Overview & Current Events

Canadian Natural Resources is a diversified energy company that operates in the acquisition, exploration, development, production, marketing, and sale of crude oil, natural gas liquids (NGLs), and natural gas. It operates through the following segments: North America, North Sea, Offshore Africa, Oil Sands Mining and Upgrading, Midstream, Abandonments, and Head Office.

In early November, Canadian Natural Resources reported (11/1/18) financial results for the third-quarter of fiscal 2018. The company grew its adjusted earnings-per-share almost 6-fold over last year, from CAD$0.19 to CAD$1.11, and exceeded analyst estimates (CAD $0.90) by a wide margin. Canadian Natural Resources prefers to measure its profitability using a non-GAAP financial metric called funds flow from operations. In the third-quarter, this metric increased to a record quarterly level of CAD$2.83 billion, which was 5% higher sequentially and 69% higher compared to last year's quarter. The increase over last year was due to higher oil prices and increased liquids production volumes. Canadian Natural Resources' third-quarter earnings release was positively received by the markets with shares rising ~5% on the first day following the announcement.

Growth, Competitive Advantages, and Total Returns

Canadian Natural Resources' primary growth catalyst is higher commodity prices. This was the main reason for the company's tremendous growth rate in the most recent quarter. Earnings-per-share are expected to more than double in 2018 due to the rise in commodity prices over the past year. The company expects 17% production growth this year. We expect Canadian Natural Resources to grow earnings-per-share at a 7% annual rate through 2023. The company maintains a lean balance sheet, which will help boost its future growth potential. Canadian Natural Resources expects to end 2018 with a debt-to-EBITDA ratio of 1.5x, which is a manageable level of debt for a company of this size.

The strongest competitive advantage for Canadian Natural Resources is its asset base. The company has very high-quality assets with low rates of decline. Canadian Natural Resources is the largest independent natural gas producer and heavy crude oil producer in Canada. Its assets include one of the largest undeveloped land bases in the natural gas-heavy fields of Northeast British Columbia and Northwest Alberta. The company also has world class oil sands mining reserves, with 6.06 billion barrels of proved plus probable recovery reserves that have no projected declines for over 50 years.

In light of strong recent financial performance, we have revised our 2018 earnings-per-share estimate upwards to US$2.62. Using this estimate, the company is trading at a price-to-earnings ratio of 10.1. We believe that fair value for the company is approximately 15 times earnings. If the company's valuation expands to a price-to-earnings ratio of 15 over the next 5 years, this would boost annual returns by about 8.2% during this time period. In addition to the 3.2% dividend yield and 7.0% expected annual earnings growth, total returns could reach 18.4% per year over the next five years.

Key Statistics, Ratios, & Metrics

Reporting Currency:	Canadian Dollar	**Dividend Yield:**	3.2%[1]
Headquarters City:	Calgary	**This Year's EPS Estimate:**	US$2.62
Headquarters Country:	Canada	**Current Stock Price:**	US$26.47
Stock Exchange:	TSX & NYSE	**Price-to-Earnings Ratio:**	10.1
Year Founded:	1973	**Market Capitalization:**	US$31.9 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 3.8%.

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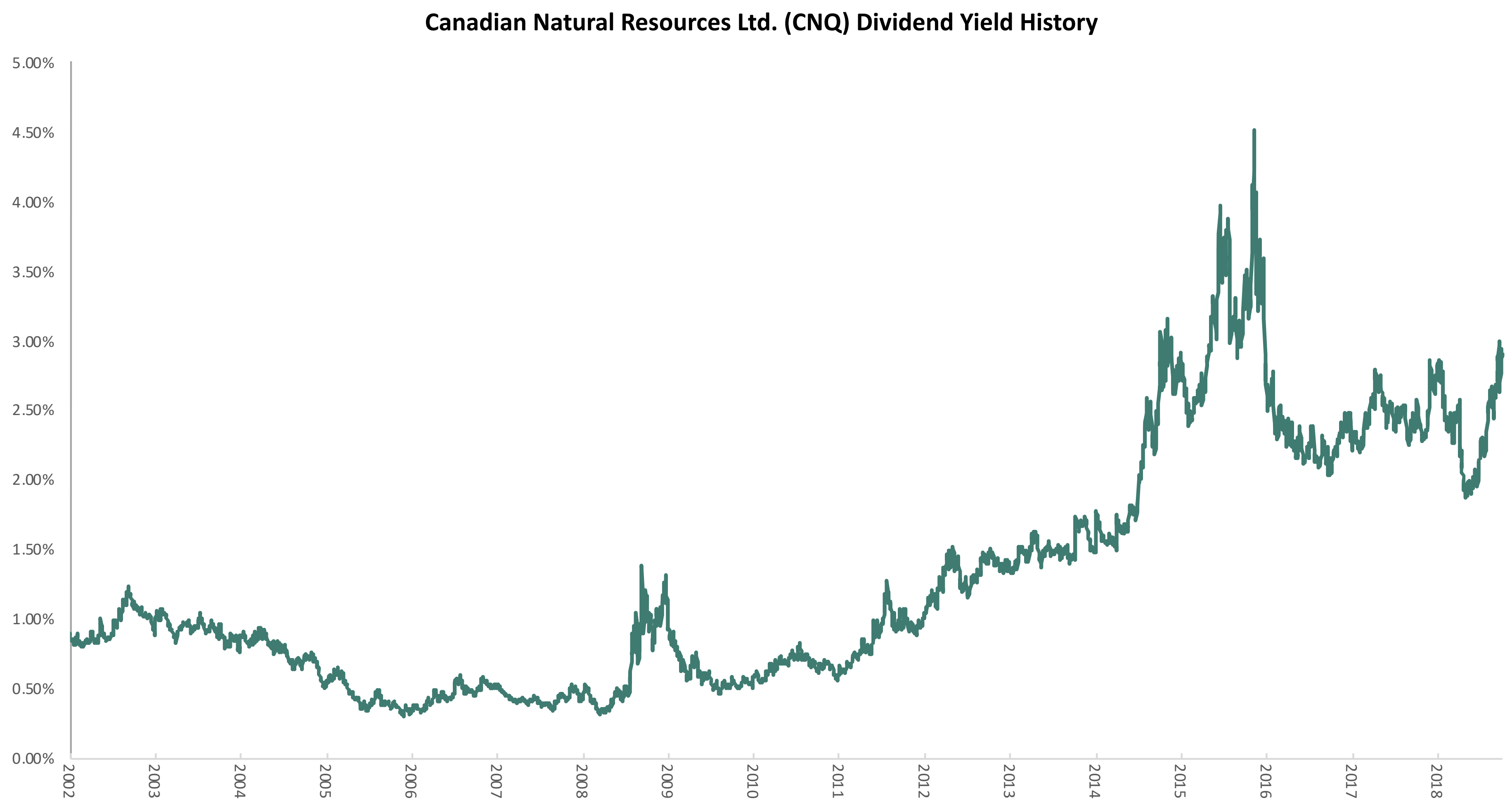

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Fresenius Medical Care AG & Co. KGaA (FMS)

Overview & Current Events

Fresenius Medical Care operates in the healthcare sector and is based in Germany. The company goes back to 1912, when Dr. Eduard Fresenius began the production of pharmaceuticals at the Hirsch Pharmacy. Today, the company primarily focuses on kidney-related diseases. Its products include dialysis machines, dialyzers and related disposables. Fresenius trades on the New York Stock Exchange with a market capitalization of approximately $21.1 billion.

In late October (10/30/18) Fresenius reported financial results for the third-quarter. In constant currency, Fresenius posted a 6% revenue decline, a 20% drop in operating income and a 17% decrease in net income. The revenue decline was primarily due to an unfavorable comparison period in the 2017 third-quarter. That said, adjusted earnings-per-share in constant currency rose by 19% in the most recent quarter. However, Fresenius lowered its 2018 financial guidance after reporting third-quarter figures. The company now expects net income to grow 11%-12%, down from 13%-15% previously. At the same time, the company reaffirmed growth targets through 2020. Fresenius continues to expect approximately 10% annual revenue growth and high single-digit net income growth through 2020.

Growth, Competitive Advantages, and Total Returns

Fresenius should continue to generate growth over the long-term because of its operational focus. According to the company, approximately 3.2 million people around the world undergo regular dialysis treatment. This figure is only expected to rise in the years ahead. Fresenius estimates the number of dialysis patients will grow to 4.9 million by 2025. This presents a fundamental tailwind for the company. In addition, Fresenius is seeking growth in new channels, specifically at-home care. Fresenius is currently working through regulatory approval of its $2 billion planned merger with NxStage Medical, which specializes in at-home dialysis equipment and related products. We believe annual earnings growth of 6% is achievable, thanks to the company's strong industry position. Fresenius' primary competitive advantage is the dominant position it has established in its core niche of kidney-related illness. Fresenius has over 3,700 dialysis centers, and decades of experience in dialysis.

We expect Fresenius will generate earnings-per-ADR of US$2.45 in fiscal 2018. Based on this, the stock trades with a price-to-earnings ratio of 14.5. Our fair value estimate is a price-to-earnings ratio of 18.0, equal to a fair value share price of $44. As a result, the stock appears to be significantly undervalued. An expanding stock valuation could boost annual shareholder returns by 4.4% per year. In addition, we expect Fresenius to generate 6.0% annual earnings growth. The stock also trades with a 1.1% dividend yield at current prices. While this is not an extremely high yield, the company is committed to paying a rising dividend. Fresenius has paid rising dividends in its home currency for 21 consecutive years. The combination of valuation changes, earnings growth, and dividends results in expected returns of 11.5% per year for Fresenius stock over the next five years.

Key Statistics, Ratios, & Metrics

Reporting Currency:	Euro	**Dividend Yield:**	1.1%[1]
Headquarters City:	Bad Homburg	**This Year's EPS Estimate:**	US$2.45
Headquarters Country:	Germany	**Current Stock Price:**	US$35.62
Stock Exchange:	DAX & NYSE	**Price-to-Earnings Ratio:**	14.5
Year Founded:	1912	**Market Capitalization:**	US$21.1 billion

[1] Germany imposes a 26% withholding tax. Excluding this withholding tax, the dividend yield would be 1.5%.

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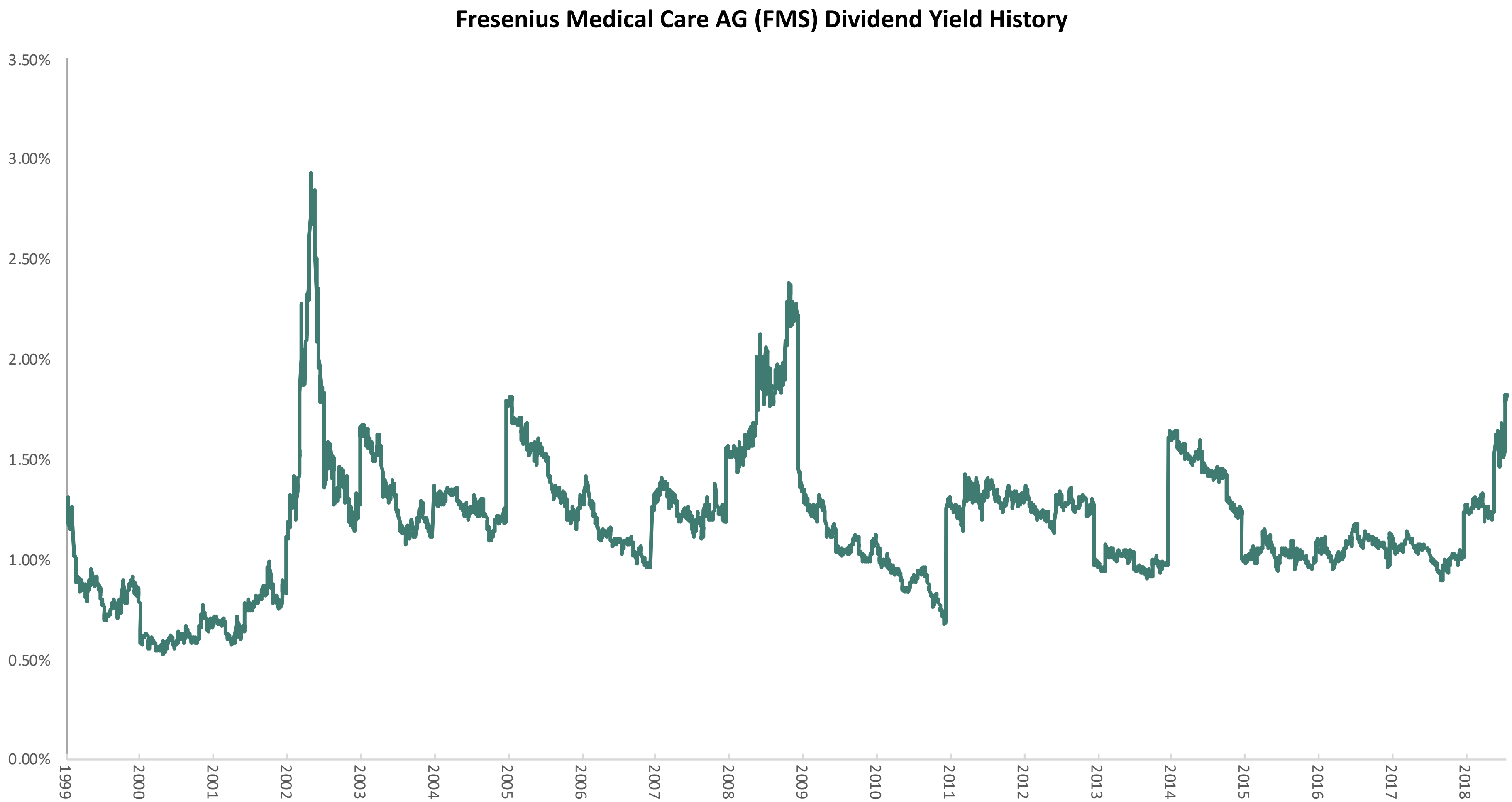

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Brookfield Asset Management Inc. (BAM)

Overview & Current Events

Brookfield Asset Management is a leading global alternative asset manager and one of the largest global investors in real assets – which includes real estate, renewable power, infrastructure, and private equity. The company is headquartered in Toronto, Canada and manages a portfolio of public and private investment products for both institutional and retail clients. Brookfield Asset Management also manages four publicly-traded listed partnerships: Brookfield Property Partners (BPY), Brookfield Infrastructure Partners (BIP), Brookfield Renewable Partners (BEP), and Brookfield Business Partners (BBU). Brookfield Asset Management trades with a market capitalization of US$42 billion. It is cross-listed on the New York (BAM) and Toronto (BAM.A) Stock Exchanges.

In early November, Brookfield Asset Management reported (11/8/18) financial results for the third-quarter of fiscal 2018. Revenue increased 21% while funds from operations per share increased by 35.4% year-on-year. The company also closed on the acquisition of Westinghouse, a century-old power generation company. Brookfield paid $4 billion for the company, which includes the addition of $3.1 billion in debt on the target's balance sheet as well of $900 million of Brookfield equity. Westinghouse's purchase came after it attempted to expand the business via two new nuclear power plants that went over budget and caused a bankruptcy filing. Remarkably, Brookfield acquired the legacy business without assuming any obligations related to these power plants. The company plans to license Westinghouse's technology to other power-generating companies.

Growth, Competitive Advantages, and Total Returns

Brookfield Asset Management has an almost-unbelievable track record relative to its peers in the public markets. Here are the company's compounded rates of growth for various fundamental business metrics since 1999: book value, 12%; funds from operations per share, 16%; assets under management, 18%; balance sheet assets, 15%; shareholder's equity, 18%; fees and annualized carry, 24%. Today, Brookfield is one of the world's largest investors in real assets, which combined with its 80,000+ operating employees gives it compelling expertise and access to large-scale capital that few competitors can match. Separately, it is widely believed that more institutional investors will allocate funds into real assets moving forward, which is a significant tailwind for Brookfield. Because of this, we believe the firm is capable of delivering 10% annual earnings growth over the next 5 years.

Brookfield Asset Management has traded at an average price-to-earnings ratio of ~20 over the last decade, which we believe is a bit rich – even for a high-quality compounder like Brookfield. Our fair value target for the company is a price-to-earnings ratio of 17. Using our 2018 earnings-per-share estimate of $2.55, the company is trading at a price-to-earnings ratio of 16.2 today. Between valuation expansion (~1%), earnings growth (10%), and dividend payments, we believe Brookfield Asset Management is capable of delivering 12% annualized returns over the next 5 years.

Key Statistics, Ratios, & Metrics

Reporting Currency:	U.S. Dollar	**Dividend Yield:**	1.3%[1]
Headquarters City:	Toronto	**This Year's EPS Estimate:**	US$2.55
Headquarters Country:	Canada	**Current Stock Price:**	US$41.40
Stock Exchange:	TSX & NYSE	**Price-to-Earnings Ratio:**	16.2
Year Founded:	1973	**Market Capitalization:**	US$41.2 billion

[1]Canada imposes a 15% dividend withholding tax. However, the withholding tax is waived for U.S. investors who hold the stock in a qualified retirement account, such as a 401(k) or IRA. Excluding the withholding tax, the dividend yield would be 1.5%.

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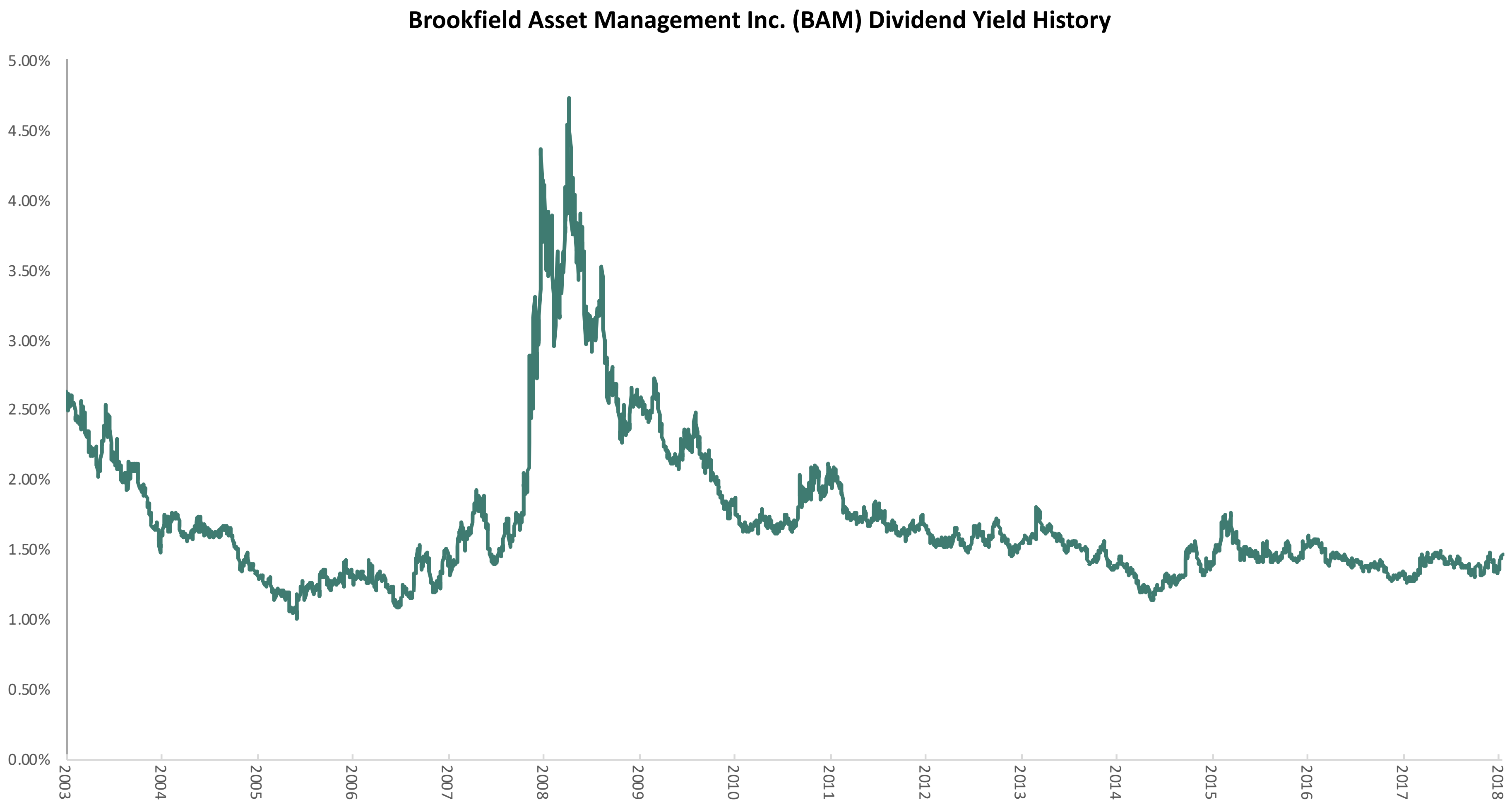

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Fortis Inc. (FTS)

Overview & Current Events

Fortis is an electric and gas utility based in Canada. Fortis has $50 billion in assets, encompassing 10 affiliated electric and gas operations which collectively serve over 3 million customers in Canada, the United States, and the Caribbean. It is the largest investor-owned utility in Canada, trading with a market capitalization of approximately $15 billion. Fortis has both regulated and non-regulated business segments. The regulated businesses generate, transmit, and distribute electricity and natural gas. The non-regulated energy infrastructure business engages in hydroelectric generation. Fortis is also involved in alternative energy solutions such as thermal energy. Approximately 92% of Fortis' annual earnings are derived from its regulated operations.

Fortis reported third-quarter financial results in early November (11/2/18). In the quarter, the company generated 7.3% revenue growth. Favorable foreign exchange rates, higher electricity sales, and increased rates contributed to growth. Margins fell, however, as net income came in flat against the year-ago quarter. The company saw margin compression due to higher energy supply costs, particularly at subsidiary UNS Energy. Earnings-per-share (EPS) increased 6.5% from the same quarter a year ago.

Growth, Competitive Advantages, and Total Returns

The advantage of operating regulated utility services is virtually guaranteed growth. As a utility, Fortis provides a necessary service, and is permitted to raise rates on occasion to grow revenue and earnings. For example, Fortis recently unveiled its five-year capital investment plan. The company is forecasting its consolidated rate base to increase from $26 billion in 2018 to approximately $32 billion in 2021 and $35.5 billion in 2023, which would amount to compound annual growth of 7.1% and 6.3% over the coming three-year and five-year periods, respectively.

Perhaps the most attractive aspect of investing in the utility sector is the built-in competitive advantages of the business model. Electricity and gas service have very high barriers to entry, due to the highly regulated nature of the industry. Fortis' competitive advantages help secure its dividend. Based on expected earnings-per-share of US$1.95, Fortis has a 2018 dividend payout ratio of 69%. This is a reasonable payout ratio for a utility. Fortis is a high-quality dividend stock, with a long history of dividend growth. In its home currency, Fortis has increased its shareholder dividend each year for the past 45 years in a row.

Based on projected 2018 EPS of US$1.95, Fortis stock trades for a price-to-earnings ratio of 17.9. The stock trades below our fair value estimate of 19.2, which is equal to the 10-year average valuation. Valuation changes could boost shareholder returns by 1.4% per year over the next five years. Expected earnings growth of 6.0% each year and the current dividend yield of 3.3% result in expected total returns of 10.7% each year, which is a high rate of return for a relatively low-risk stock.

Key Statistics, Ratios, & Metrics

Reporting Currency:	Canadian Dollar	**Dividend Yield:**	3.3%[1]
Headquarters City:	St. John's	**This Year's EPS Estimate:**	US$1.95
Headquarters Country:	Canada	**Current Stock Price:**	US$34.93
Stock Exchange:	TSX & NYSE	**Price-to-Earnings Ratio:**	17.9
Year Founded:	1977	**Market Capitalization:**	US$14.9 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 3.9%.

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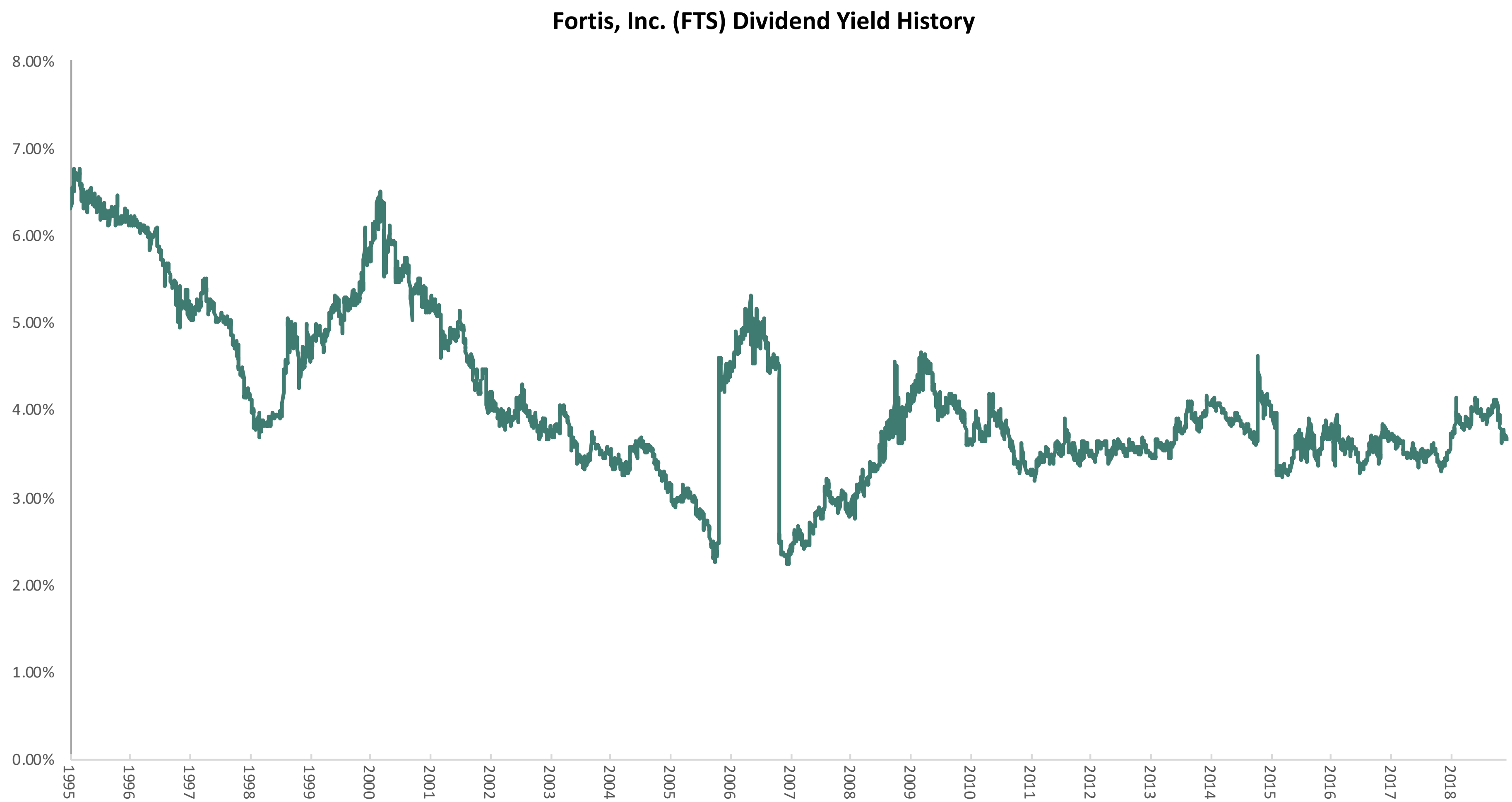

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Infosys Ltd (INFY)

Overview & Current Events

Infosys is a global information technology corporation that provides services through a number of wholly-owned subsidiaries including Progeon Ltd, Infosys Technologies (Shanghai) Co. Ltd, Infosys Consulting, and Infosys Technologies (Australia) Pty. Ltd. The company's solutions include consulting, software development, engineering, systems integration, and banking software services. The company is headquartered in Bangalore, India, and employs more than 175,000 people. U.S. investors can initiate an ownership stake in Infosys through American Depository Receipts that trade on the New York Stock Exchange under the ticker INFY with a market capitalization of $43 billion.

In mid-October, Infosys reported (10/16/18) financial results for the second-quarter of fiscal 2019 (which ended September 30th, 2018). In the quarter, revenues grew by 7.1% year-on-year in U.S. Dollars. Much of this growth came in the last three months alone as Infosys generated 3.2% sequential revenue growth (when measured in U.S. Dollars). Importantly, digital revenue – which represents 31.0% of total revenue - continues to expand at an impressive rate. Digital revenue grew by 33.5% year-on-year and 13.5% quarter-over-quarter. On the bottom line, Infosys' earnings-per-share grew by 5.7% in U.S. Dollars.

Infosys' performance through the first half of fiscal 2018 has been similarly strong. The company saw revenues through the first six months grow by 6.9%. The company also reaffirmed its fiscal 2019 financial guidance. Infosys continues to expect revenue to grow between 6% and 8%, while operating margin is expected to be between 22% and 24%.

More recently, Infosys announced (11/15/18) that its Board of Directors has appointed Jayesh Sanghrajka as the interim Chief Financial Officer, effective November 17th. Mr. Sanghrajka has spent 13 years in Infosys over two stints and has performed various leadership roles within the finance department. Mr. Sanghrajka is a Chartered Accountant and most recently served as the company's Executive Vice President and Deputy Chief Financial Officer.

Growth, Competitive Advantages, and Total Returns

Infosys has managed to generate appealing business growth over the last decade. More specifically, the company has compounded its adjusted earnings-per-share at 7.0% per year over the last decade. We believe Infosys is capable of delivering similar 7% growth in earnings-per-share moving forward.

Infosys has traded at an average price-to-earnings ratio of about 16 over the last decade. Using our 2018 earnings-per-share estimate of $0.60, the company is trading at a price-to-earnings ratio of 16.5. While the company is likely to experience a modest amount of valuation contraction moving forward as it is just ahead of our estimate of fair value, it should still deliver double-digit total returns through earnings growth (7%) and its current dividend payment (3.4%).

Key Statistics, Ratios, & Metrics

Reporting Currency:	U.S. Dollar	**Dividend Yield:**	3.4%[1]
Headquarters City:	Bangalore	**This Year's EPS Estimate:**	US$0.60
Headquarters Country:	India	**Current Stock Price:**	US$9.92
Stock Exchange:	NSE & NYSE	**Price-to-Earnings Ratio:**	16.5
Year Founded:	1981	**Market Capitalization:**	US$43.3 billion

[1]India imposes no withholding tax.

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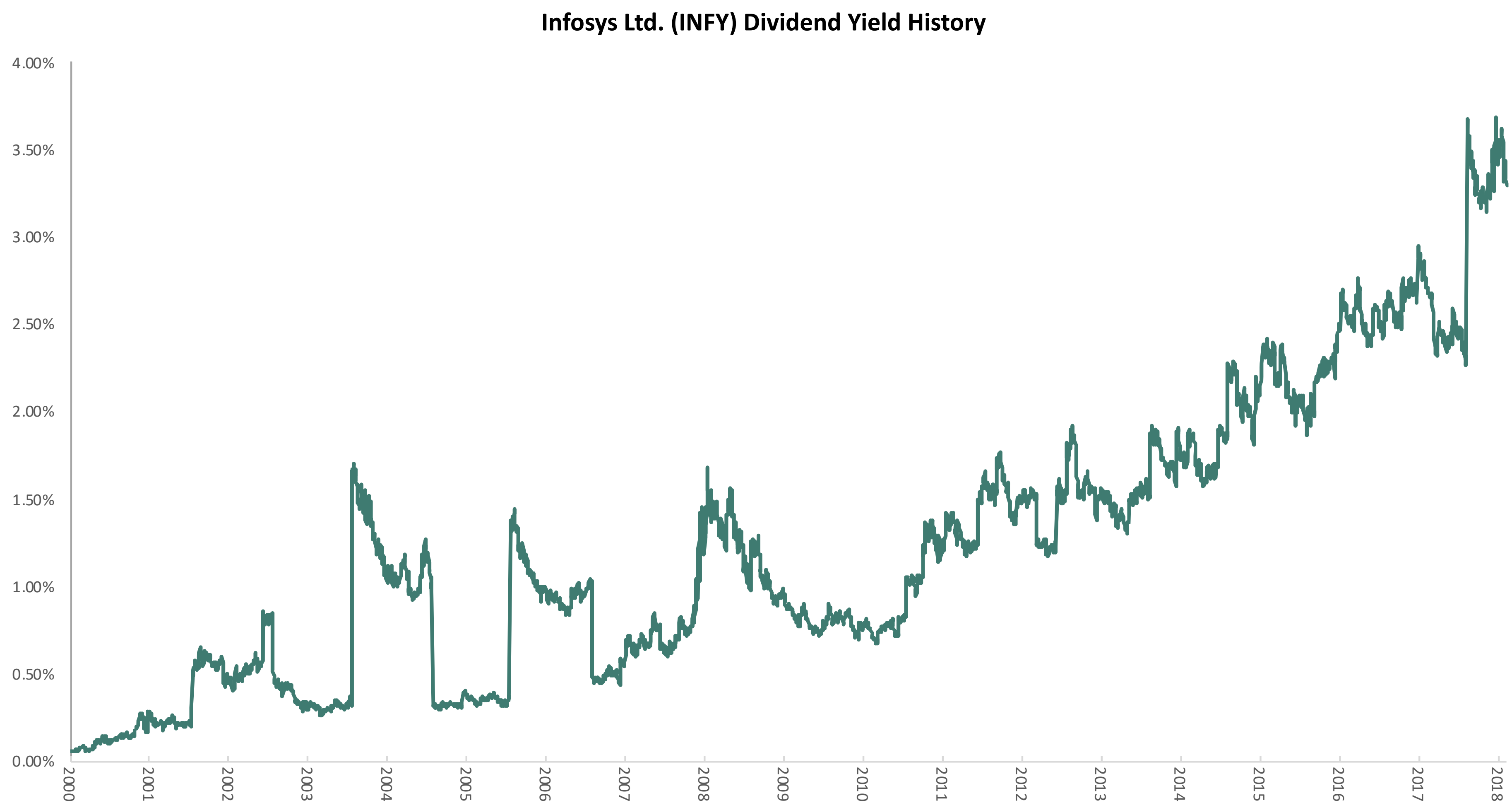

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Total SA (TOT)

Overview & Current Events

Total is an integrated oil and gas company based in France and is engaged in all aspects of the oil and gas industry, including exploration and production, transportation and storage, refining, chemicals, and marketing. It was founded in 1924, and today it has a presence in over 130 countries around the world. It generates annual profits in excess of US$10 billion, and the stock trades with a market capitalization of US$144 billion. Total produces more than 2.5 million barrels of oil equivalents per day

In late October (10/26/18) Total released its financial results for the third-quarter of fiscal 2018. Revenue of US$54.7 billion increased 27% from the same quarter last year. The biggest contributor to Total's growth last quarter was higher commodity prices. Total's average realized Brent crude price increased 44% from the same quarter last year, to US$72 per barrel. In addition, total production grew by 8.6%. Adjusted earnings-per-share increased 42%. It was the highest quarterly profit for the oil major in the last six years. In addition, management raised its guidance for production growth to 8% in 2018, up from previous guidance of at least 7%. This should lead to continued earnings growth in the years ahead, particularly if oil and gas prices remain supportive.

Growth, Competitive Advantages, and Total Returns

Total's primary growth catalyst is higher oil and gas prices. As a major commodity producer, the company's revenue and earnings depend to a large extent on the direction of commodity prices. The worst years for Total have occurred when oil and gas prices declined. For example, from 2014-2016 Total's earnings-per-share declined by 55% due to falling commodity prices. Now that oil and gas prices are back on the rise, the company's revenue and profits have benefited tremendously. Production growth is a separate catalyst. Total grew total production by 5% last year, and production growth is likely to accelerate further in 2018. Recent project start-ups include Kaombo in Angola, Ichthys LNG in Australia, and the second train of Yamal LNG in Russia. Share repurchases will also boost earnings growth. Total expects to repurchase US$1.5 billion of its own stock in 2018.

Total has numerous competitive advantages, primarily its size and global presence. Total is the fourth-largest integrated oil and gas company in the world, with annual revenue of US$171 billion. It is only behind Exxon Mobil, Chevron, and Royal Dutch Shell in terms of revenue and market capitalization. With its immense financial resources, Total spent more than US$14 billion on organic investments last year to find and develop new projects that are critical to the company's growth.

Total is expected to generate earnings-per-share of US$5.40 in 2018. Based on this, the stock has a price-to-earnings ratio of 10.3, which is below our fair value estimate of 11.9. Expansion of the valuation multiple could fuel 2.9% annual returns if mean reversion were to occur in the next 5 years. In addition, Total's 3.7% after-tax dividend yield and projected earnings growth of 7% per year result in total expected returns of 13.6% per year.

Key Statistics, Ratios, & Metrics

Reporting Currency:	Euro	**Dividend Yield:**	3.7%[1]
Headquarters City:	Courbevoie	**This Year's EPS Estimate:**	US$5.40
Headquarters Country:	France	**Current Stock Price:**	US$55.49
Stock Exchange:	Euronext & NYSE	**Price-to-Earnings Ratio:**	10.3
Year Founded:	1924	**Market Capitalization:**	US$144 billion

[1] France imposes a 30% withholding tax. Excluding this withholding tax, the dividend yield would be 5.3%.

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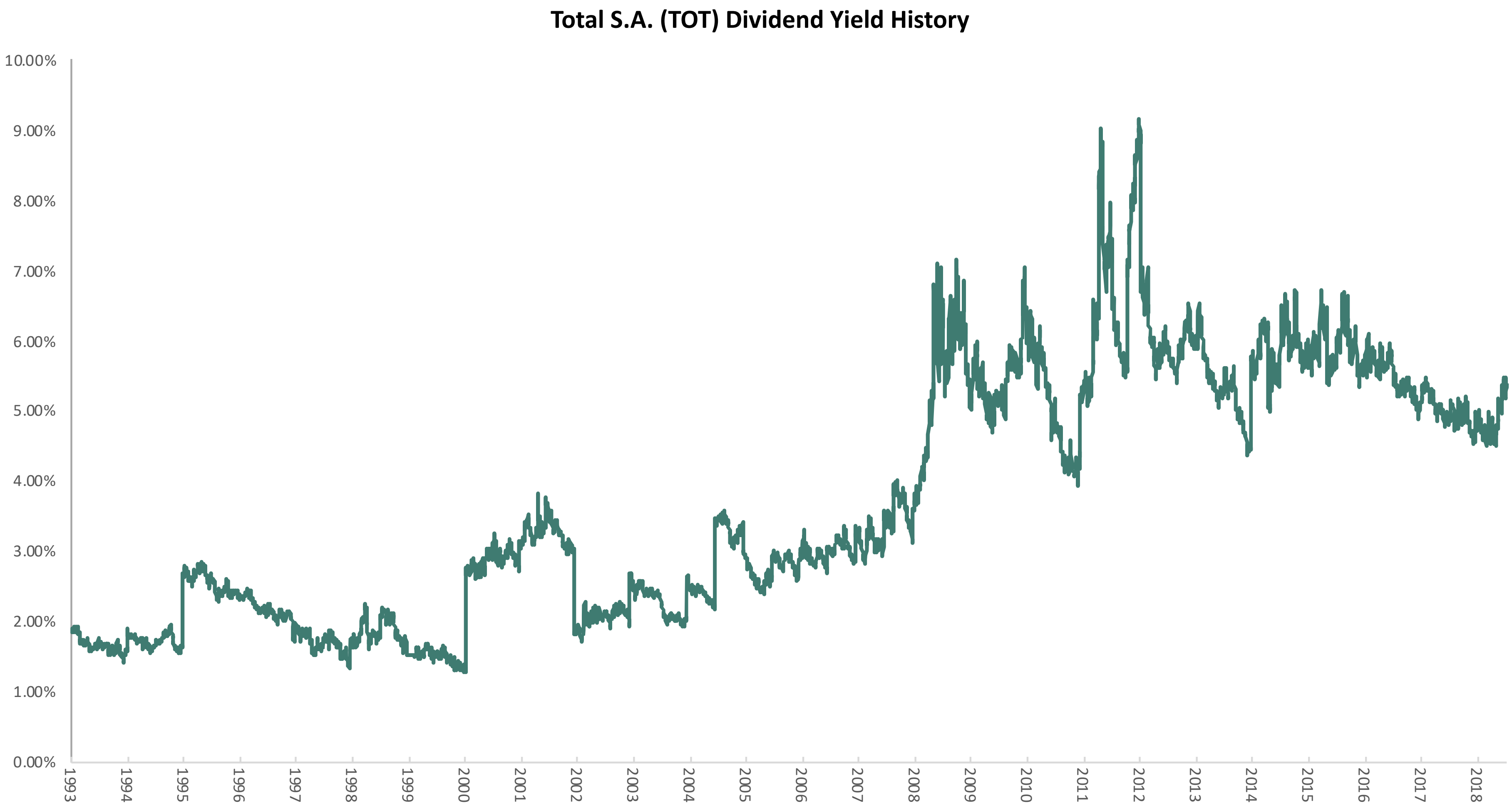

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Sanofi SA (SNY)

Overview & Current Events

Sanofi is a global pharmaceutical leader incorporated in 1994. It develops and markets a variety of therapeutic treatments and vaccines. Pharmaceuticals account for ~85% of sales, with the remaining sales coming from vaccines. Sanofi is truly a global leader, with a third of sales coming from the U.S., a little more than a quarter coming from Western Europe and the remainder of sales coming from emerging markets/rest of the world. Sanofi generated €35 billion of revenue in 2017 and is incorporated in France, but U.S. investors can buy ADRs with a market capitalization of $110 billion.

Sanofi released third-quarter earnings results on October 31st. All figures are listed in constant exchange rates. The company earned $2.01 per ADR share. It saw revenue improve 3.2% to $10.7 billion. Total sales for the pharmaceutical division were up 6.3%, led by strength in specialty care (up 34.6%) and vaccines (up 8.2%). These sales totals were partially offset by weakness in diabetes and cardiovascular sales (down 6.3%) and generics (down 5.6%). Sanofi's polio vaccine had revenue growth of more than 20%. Lantus, used to improve blood sugar control in adults and children with diabetes, saw sales decline 18% due to biosimilar competition. Sanofi does have some promising drugs in its portfolio. Dupixent, which was just approved for treatment in the U.S. for patients with moderate-to-severe asthma, had revenue growth of almost 200%. Sanofi's rare disease franchise improved 9.3% overall. This small but important segment was led by 13.7% growth in the company's Myozyme or Lumizyme drug, which treats Pompe disease. We now expect that Sanofi will earn $3.26 per share in 2018, down from $3.28 previously. Sanofi has also used acquisitions to fund growth. The company paid $11.6 billion for Bioverativ, which closed in March of this year; and $4.8 billion for Ablynx, which closed in June of this year. These purchases give Sanofi access to the markets for rare blood disorders, one of the higher growth markets in pharmaceuticals. The Bioverativ acquisition helped Sanofi's rare disease drugs division grow 14% in the quarter. These acquisitions also give the company a large presence in emerging markets as well as new diabetes and skin cancer drugs.

Growth, Competitive Advantages, and Total Returns

Sanofi paid its 2018 annual dividend at a rate of US$1.72 per share (two ADS equal one ordinary share). This implies a dividend yield of 2.0% after accounting for withholding taxes. There is a strong likelihood of a dividend increase next year, since Sanofi has increased its dividend for 24 consecutive years in its local currency. We also expect 4% annual earnings growth, and the stock appears to be undervalued. Using our 2018 earnings-per-share estimate of $3.26, the company is trading at a price-to-earnings (P/E) ratio of 13.5 Sanofi traded at an average P/E ratio of 18.3 over the last 10 years. If the Sanofi's earnings multiple reverts to its long-term average during the next 5 years, this will boost annualized returns by 6% per year during that period. Overall, we believe Sanofi can deliver 12% annualized returns from valuation expansion (6%), earnings growth (4%), and dividends (2%).

Key Statistics, Ratios, & Metrics

Reporting Currency:	Euro	**Dividend Yield:**	2.0%[1]
Headquarters City:	Paris	**This Year's EPS Estimate:**	US$3.26
Headquarters Country:	France	**Current Stock Price:**	US$44.72
Stock Exchange:	EPA & NYSE	**Price-to-Earnings Ratio:**	13.5
Year Founded:	1973	**Market Capitalization:**	US$60.0 billion

[1] France imposes a 30% withholding tax. Excluding this withholding tax, the dividend yield would be 2.3%.

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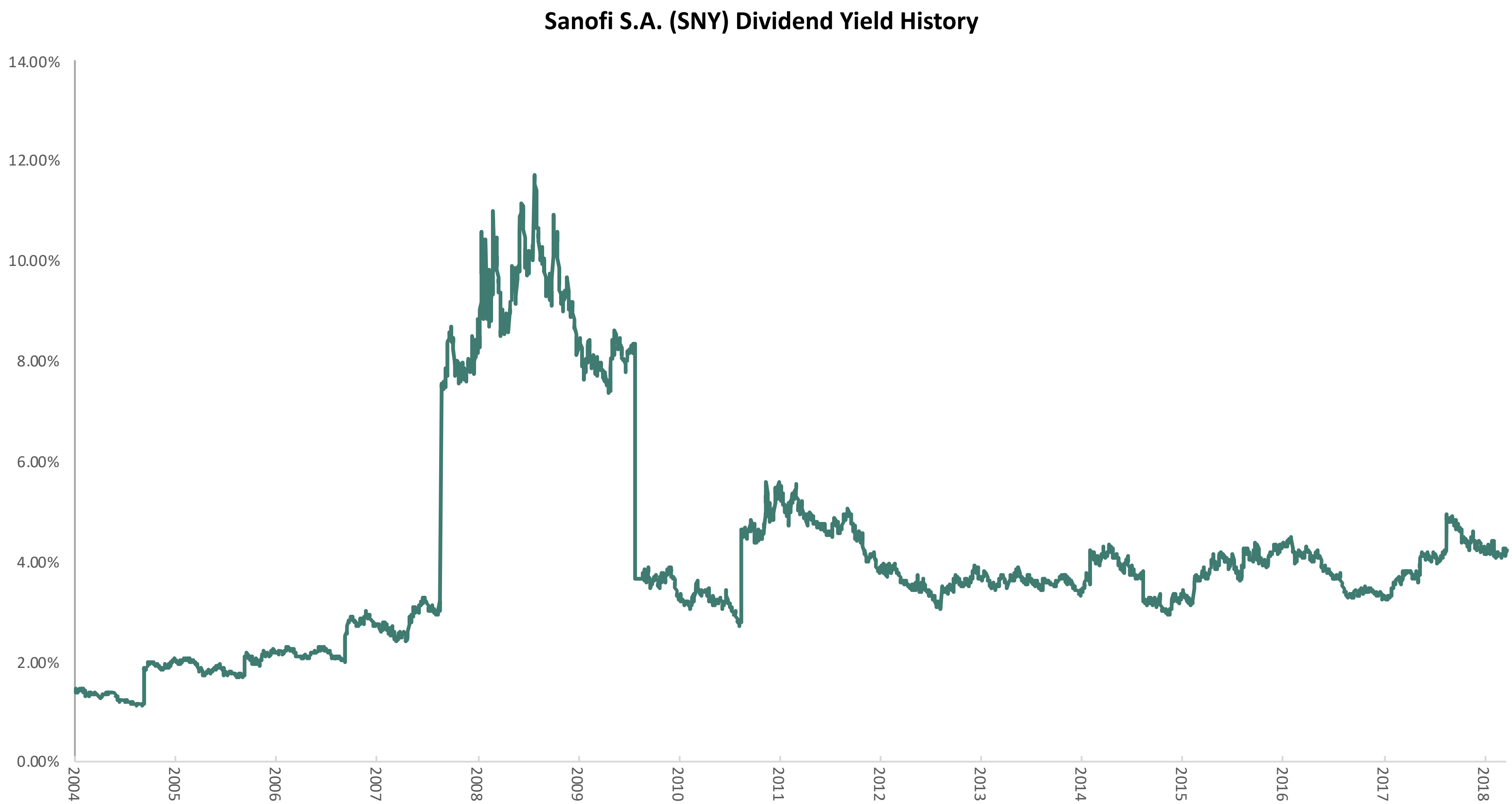

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ABB Ltd (ABB)

Overview & Current Events

ABB's history stretches back to 1891, when Charles E. L. Brown and Walter Boveri established Brown, Boveri & Cie in Baden, Switzerland. The company was initially known as Brown Boveri. Shortly afterward, Brown Boveri became the first company to transmit high-voltage power. ABB, in its current form, is the product of several mergers, but most importantly the 1988 merger of ASEA and BBC (Brown Boveri), two of the biggest companies in European electrical engineering. Today, ABB is a technology leader in its four key operating areas: Power Grids, Electrification Products, Industrial Automation, and Robotics & Motion. ABB generates annual revenue above US$34 billion and serves a wide range of customers across the utility, industrial, transport and infrastructure industries.

In late October (10/25) ABB reported third-quarter results. Orders and revenue grew by 9% and 3%, respectively. Orders increased 15% in Europe and 9% in America. Service orders, which comprise 18% of total orders, increased 8%. Earnings-per-share grew 6% for the quarter.

Growth, Competitive Advantages, and Total Returns

Near-term growth should continue to be positive, due to strong ordering activity. Electric vehicles are a growth category for ABB due to its exposure to electric charging stations. Since ABB entered the electric-vehicle charging market in 2010, it has installed more than 6,500 charging stations in 57 countries, making it the leader in this category.

Another new technology with great promise for ABB is the Internet of Things, or IoT, which will bring connectivity far beyond just smartphones and devices. ABB made a big advance in this area with the 2017 acquisition of B&R (Bernecker + Rainer Industrie-Elektronik GmbH), a leader in motion-based machine and factory automation. B&R delivered 11% annual revenue growth over the last two decades and now generates annual revenue above US$600 million. The deal gives ABB greater exposure in the large and growing US$20 billion machine and factory automation market. There are also reports that ABB is in talks to sell its Power Grid business to Hitachi for over US$7 billion, which would allow it to reinvest further in new technologies.

ABB's growth is fueled by its competitive advantage. Its four operating divisions are either #1 or #2 globally in their respective markets. ABB enjoys operational efficiencies and the ability to cut costs to drive earnings growth. For example, in 2017 the company completed its 1,000-day productivity program, which resulted in annualized cost savings of more than US$1.3 billion annually.

With a P/E ratio of 14.9, ABB shares trade below our fair value estimate of 16. Expansion of the stock valuation could fuel 1.4% annual returns if mean reversion were to occur over the next 5 years. We expect ABB to grow earnings by 8% per year over the next five years. ABB has an after-tax dividend yield of 2.6%. The combination of these three results in 12.0% expected annual returns.

Key Statistics, Ratios, & Metrics

Reporting Currency:	U.S. Dollar	**Dividend Yield:**	2.6%[1]
Headquarters City:	Zurich	**This Year's EPS Estimate:**	US$1.33
Headquarters Country:	Switzerland	**Current Stock Price:**	US$19.82
Stock Exchange:	SIX & NYSE	**Price-to-Earnings Ratio:**	14.9
Year Founded:	1988	**Market Capitalization:**	US$42.1 billion

[1]Switzerland imposes a 35% dividend withholding tax. Excluding the withholding tax, the dividend yield would be 4.0%.

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Siemens AG (SIEGY)

Overview & Current Events

Siemens is a German industrial conglomerate that operates in the following business units: Energy, Healthcare, Industry, and Infrastructure & Cities. Siemens was founded in 1847 and today employs approximately 379,000 people worldwide while generating more than US$90 billion of annual revenue. American investors can purchase Siemens stock through American Depository Receipts that trade over-the-counter under the ticker SIEGY with a current market capitalization of US$96 billion. Siemens is a consistent dividend growth stock – the company has compounded its Euro-denominated per-share dividend at 8% since 1987.

Siemens reported its fourth-quarter (fiscal 2018) earnings results on October 19, recording revenues of €22.6 billion (US$26.3 billion) during the quarter, which represents an increase of 1.8% compared to the company's revenues during the previous year's quarter. Orders totaled $27.3 billion, in line with orders during Q4 2017. Revenues for all of 2018 were up 2% year-over-year, but orders rose at 8% compared to 2017. The solid order growth rate during the last year bodes well for revenues during fiscal 2019. Siemens managed to generate earnings-per-share (EPS) of €7.88 during fiscal 2018, which is equal to US$9.06, and represents a growth rate of 2% compared to the EPS during fiscal 2017. As one ADR represents 0.5 shares of Siemens, earnings-per-ADR totaled $4.53 during fiscal 2018.

Growth, Competitive Advantages, and Total Returns

Siemens' rising order backlog, the weakness of its peer General Electric, and the fact that Siemens holds a solid position in growth markets such as smart manufacturing bodes well for the company. Siemens has launched a new share repurchase program that allows repurchases of up to €3 billion (US$3.5 billion) through 2021. Overall, we believe that Siemens is capable of delivering 4.5% annualized earnings-per-share growth over the next 5 years.

Siemens' competitive advantage lies in its technical expertise, robust customer relationships, and global operations. The company employs ~379,000 individuals, with only 31% of these employees based in its home country of Germany. Also, Siemens has expertise in urbanization management and the Internet of Things. The company estimates that approximately 70% of the global population will live in cities by 2050, while 50 billion devices will be connected to the Internet of Things by 2020.

We believe Siemens will generate EPS of approximately $4.73 in fiscal 2019. Using this estimate, the company is trading at a price-to-earnings ratio (P/E) of 12.1. Our fair value target for Siemens is a P/E ratio of 15. If Siemens' price-to-earnings ratio expands to 15 over the next 5 years, this will boost the company's annualized returns by approximately 4.4% per year during this time period. Separately, the company's future returns will also be boosted by dividend payments (2.8%) and earnings growth (4.5%). Overall, Siemens appears capable of delivering total returns of approximately 12% per year.

Key Statistics, Ratios, & Metrics

Reporting Currency:	Euro	**Dividend Yield:**	2.8%[1]
Headquarters City:	Munich	**This Year's EPS Estimate:**	US$4.73
Headquarters Country:	Germany	**Current Stock Price:**	US$57.02
Stock Exchange:	DAX & NYSE	**Price-to-Earnings Ratio:**	12.1
Year Founded:	1847	**Market Capitalization:**	US$95.7 billion

[1] Germany imposes a 26% withholding tax. Excluding this withholding tax, the dividend yield would be 3.8%.

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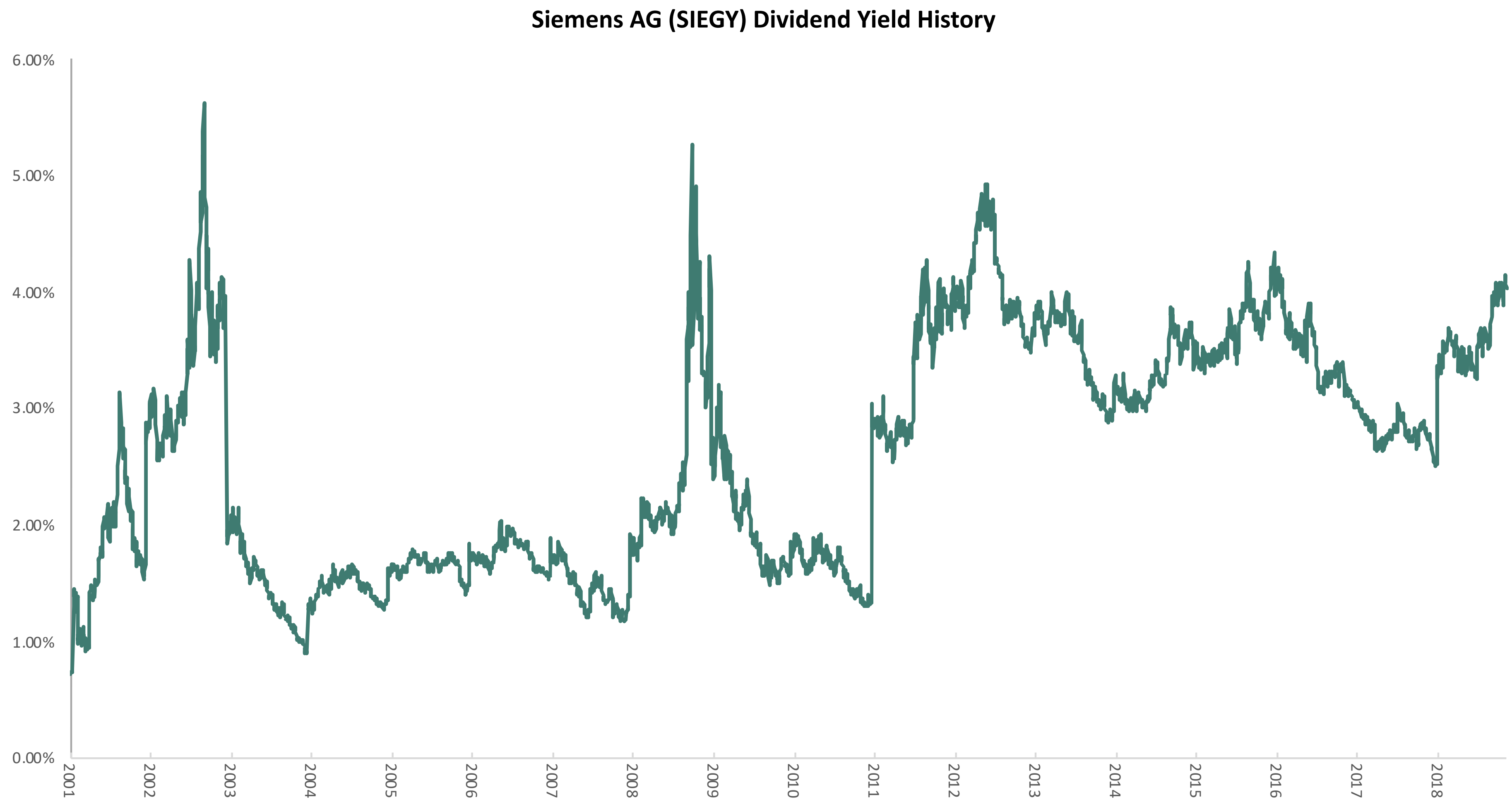

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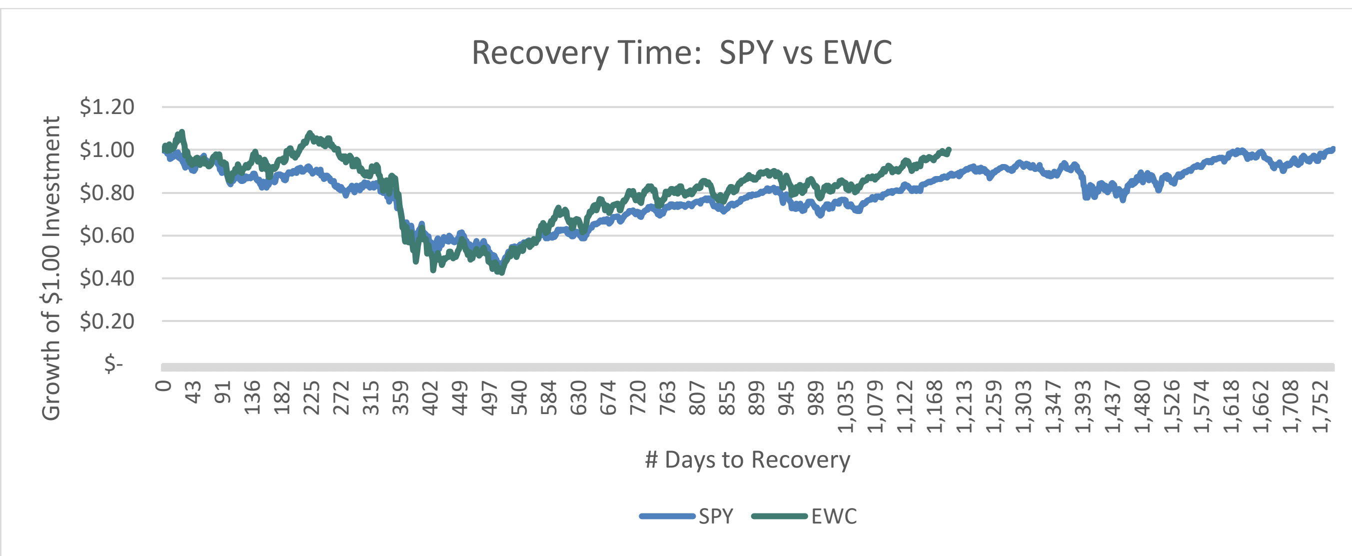
Closing Thoughts
- Canada During The Great Recession -

Canada has arguably the best collection of dividend growth stocks outside of the United States.

There are a few reasons for this. First, Canada is and has been a developed nation for some time, just like much Europe and the United States. Second – and unlike most European countries – the bulk of dividend paying Canadian companies follow the same convention that most U.S. companies follow when it comes to paying dividends.

Specifically, that is attempting to pay steady or rising dividends over time (in local currency, not USD), resulting in a fluctuating *payout ratio*. In contrast, many European dividend paying stocks hold their payout ratio steady and pay fluctuating dividends depending on profits. The U.S./Canadian method leads to more reliable income because there are fewer fluctuations in dividend payments from year to year. This partially explains why Canadian stocks have been so prevalent in the *Sure Dividend International Newsletter*.

With the yield curve inversion scare discussed in this month's Opening Thoughts, a comparison of Canadian stock market performance to U.S. stock market performance through The Great Recession is warranted. The image below shows the performance of the S&P 500 (SPY) and the Canadian market (measured by the ETF EWC) from the S&P 500's pre-recession peak (10/9/2007) through when it fully recovered its losses (8/16/12) using total returns.



The Canadian market recovered its price from 10/9/2007 in 1,191 days, versus 1,773 days for the S&P 500. Interestingly, while the Canadian market recovered quicker, it also *crashed harder*, generating a maximum drawdown over this time period of 60.8% versus 55.2% for the S&P 500. After recovering, Canadian equities continued to languish while U.S. stocks outperformed. While all recessions are different, we expect the Canadian market to behave relatively similarly to the U.S. market in a future recession, with perhaps slightly more volatility.

Thanks,
Ben Reynolds

The next newsletter publishes on Sunday, January 20th, 2019

List of Past Recommendations & Performance

Performance is calculated using the closing price on the first trading day *after* the newsletter publishes. Returns include dividends. We have significantly changed the ranking procedures since the initial *Sure Dividend International Newsletter*.

Starting with the October 2018 edition, the newsletter now runs fully on data and recommendations from our *Sure Analysis Research Database*. Due to this change, we are tracking recommendations from October 2018 and onward on this page. For recommendations prior to this date, please see the September 2018 *Sure Dividend International Newsletter's* performance page. We will still track all historical recommendations for sells as they occur.

Name	Ticker	1st Recommended	Total Return
Micro Focus International	MFGP	Oct-18	6.2%
Vodafone	VOD	Oct-18	5.3%
Enbridge	ENB	Oct-18	2.2%
Bank of Nova Scotia	BNS	Oct-18	-0.6%
Autoliv	ALV	Oct-18	-5.8%
Brookfield Renewable Partners	BEP	Oct-18	-5.9%
Daimler	DDAIF	Oct-18	-7.4%
Canadian Natural Resources	CNQ	Oct-18	-8.5%
WPP	WPP	Oct-18	-19.4%
British American Tobacco	BTI	Oct-18	-23.3%
Sanofi	SNY	Nov-18	-1.6%
Lazard	LAZ	Nov-18	-2.0%
Canon	CAJ	Nov-18	-2.6%
Total	TOT	Nov-18	-3.1%
ABB	ABB	Dec-18	N/A
Brookfield Asset Management	BAM	Dec-18	N/A
Fresenius Medical Care	FMS	Dec-18	N/A
Fortis	FTS	Dec-18	N/A
Imperial Oil	IMO	Dec-18	N/A
Infosys	INFY	Dec-18	N/A
Siemens	SIEGY	Dec-18	N/A

Average -4.8%
All-World Ex-U.S. Average (VEU) -3.2%

Performance should be measured over 3 years *at a minimum*. We have 2 months of performance data using our *Sure Analysis Research Database* recommendations. Performance is tracked against the All-World Ex-U.S. ETF (VEU).

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**
India	0%
Bermuda	0%
United Kingdom	0%
Singapore	0%
China (Mainland)	10%
Lebanon	10%
Russia	15%
Turkey	15%
Japan	15%
France	15%[1]
Canada	15%[2]
Netherlands	15%
South Korea	22%
Germany	26%[3]
Italy	26%
Finland	30%
Sweden	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] 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.