

Tactical Income Solution Updates

July 31st, 2018

Dr. Pepper Snapple Group Merger

On July 10th, Dr. Pepper Snapple Group completed its merger with Keurig Mountain, the makers of Keurig coffee, and formed a new company Keurig Dr. Pepper. To reward shareholders of Dr. Pepper Snapple Group as of July 10th, a special cash dividend totaling \$103.75 was distributed along with a share of the new company for every share of Dr. Pepper owned. If you are invested in the Tactical Income Solution portfolio and if you were receiving dividend income from your portfolio, you should expect to receive this special dividend as part of your payout in the next payment cycle, otherwise the dividends will be continued to be reinvested.

We believe this merger strengthens both Dr. Pepper and Keurig and we will continue to invest in the new company. There may be tax implications from this event and we advise you to contact your tax professional for further advise.

Acquisition of WGL

Also on July 10th, WGL Holdings was acquired by AltaGas Ltd. in an all cash deal for a 27.9% premium. With WGL being owned in the Tactical Income Solution portfolio, we welcome this acquisition as an exit strategy from WGL Holdings and plan to deploy the proceeds into Northwestern Corporation. NorthWestern Corporation is a renewable energy utility company prominently in the Upper Midwest and Northwestern United States.

NorthWestern Corporation is a strong and reliable utility provider that generates most of its power through renewable sources. As renewable sources of energy become more efficient and cost effective, we believe NorthWestern Corporation will stand to benefit from these changes.



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Replacing General Mills

We chose to replace General Mills, Inc. with Hormel Foods. General Mills, known for producing consumer foods such as Cheerios, Pillsbury, and Betty Crocker, recently purchased Blue Buffalo, a pet food producer. Our investment committee believes that this was a poor strategic move as General Mills is venturing into an area with little expertise and financed 80% of the purchase with debt, damaging their credit profile and increasing their leverage significantly.

We believe Hormel Foods, makers of popular brands such as SPAM and Skippy Peanut Butter, has greater growth potential and is in a stronger financial position than General Mills which allows them greater flexibility to make strategic moves. Hormel Foods is a Dividend Aristocrat and has raised their dividend in the last 52 consecutive years.

If you have any questions about these or any changes in your Liberty One portfolio(s), potential tax implications, or would simply like to learn more, please contact your financial advisor!

Thank you for your trust, business and confidence,

Liberty One



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