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## For Immediate Release to Tartan Student Fund

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### Portfolio Updates

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Carnegie Mellon University, – October 24, 2016 – \$SEP, AT&T and Consumer Group Split.

1. **Spectra Energy Partners**

We will be taking an average sized position in \$SEP, a partnership that owns and operates fee-based natural gas pipeline and storage businesses. We are optimistic that the supply and demand dynamics of the natural gas market will hold, but still hesitant when it comes to the strength of cash flows, with regards to CAPEX, etc. As discussed in the meeting, the contract system can pose an extra risk, BUT, can also provide secure future revenue streams.

2. **AT&T**

Recently, **AT&T** announced a merger with **Time Warner** (not Time Warner Cable). The 86 billion dollar deal warrants very close regulatory scrutiny, something the TMT group must look into. Some of the positives outlined in the press release were as follows: First year after close, **AT&T** will see full recovery of their adjusted EPS & free cash flow per share basis. This also (further) diversifies **AT&T**'s revenue mix and lowers capital intensity. We are closely watching the *attractive* 5.2% dividend yield; to contextualize, **AT&T** is yielding 3 times a 10yr Treasury, quite attractive.

3. **Consumer Groups**

As outlined last week, we split the Consumer group in to *Consumer Discretionary/Cyclical* and *Consumer Defensive/Staples*. Both names are appropriate for each group.

Current Holdings

Vanguard Consumer Staples ETF	\$VDC	\$4,869.36	47 %
Nike	\$NKE	\$2,393.38	23 %
Vanguard Consumer Discretionary ETF	\$VCR	\$3,011.76	29 %

We will have the Defensive (CD) group drain their \$VDC ETF and Consumer Cyclical (CC) group drain their \$VCR ETF and reduce our lagging **NKE** position as we see fit.

Thank you,

Research, Risk and Strategy

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