BOWDEN INVESTMENT GROUP

February 2025 Update

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WALKER COLLEGE OF BUSINESS

Letter From the President

Hello all,

What a BIG month we have had! From launching recruitment applications to delivering presentations and competing in competitions, we are making the most of our remaining time at Appalachian State and in the Bowden Investment Group.

We kicked off the month with our final recruitment meeting before applications and interviews. Led by our Vice President, our team delivered a comprehensive presentation featuring insights from our Accountants, Economists, and Portfolio Risk Manager, along with two standout stock pitches from our PLNT and TAP teams.

To support prospective applicants, we hosted a LinkedIn and Resume Workshop designed to help students strengthen their applications for both the Bowden Investment Group and future career opportunities. The session covered key strategies for building strong profiles and crafting standout resumes, ensuring applicants are well-prepared to put their best foot forward.

We look forward to welcoming the next class of Bowden Investment Group members and passing on the knowledge and experiences we've gained. As we approach the final weeks of the semester, we remain committed to delivering impactful stock pitches and making a lasting contribution to the Bowden portfolio.

Yours,

Keira Andrews

Member Spotlight



Hello everyone! My name is Tymber McClellan, and I serve as the Vice President of the Bowden Investment Group. Last summer, I interned at LifeStore Bank and Insurance, gaining hands-on experience in the financial sector. I also had the opportunity to study abroad in Bermuda, where I explored international insurance markets. Through my participation in multiple stock pitch competitions and the Harvard Global Case Competition, I have expanded my financial knowledge and strengthened my analytical skills — especially in equity analysis. As I approach graduation, I am actively seeking opportunities where I can apply these skills in a financial analyst role or a finance rotational program. I am excited to bring my analytical mindset, problem-solving abilities, and passion for finance to a dynamic team.

CFA IRC Team Wins NC!

The CFA Institute Research Challenge team—Brenden Wortman, Carson Beane, Davis Pharr, Jack Parquette, and Keira Andrews—spent months researching, developing a financial model, producing an analyst report, and preparing a pitch presentation for Honeywell. Their efforts led to a first-place finish in the North Carolina competition, surpassing teams from UNC Wilmington, Elon, UNC Greensboro, and SKEMA Business School. This victory advances the team to the Sub-Regional round, where they will represent Appalachian State and North Carolina. The team extends its gratitude to mentors Dr. Hadley and Broyhill Asset Management Senior Portfolio Manager Patrick Wells, as well as to Dr. Goff and past teams for laying a strong foundation. With momentum on their side, the Broyhill Fellows are eager to compete for the Southeastern tile in March





The State of the Economy

Ukraine-Russia War
The ongoing conflict between Ukraine and Russia continues to disrupt global markets, straining economic growth and reshaping key industries. Russia's GDP is projected to grow just 1.6% in 2025, and Ukraine's 2.5%, reflecting the financial toll of prolonged warfare. The war has also led to heavy fluctuations within the oil market due to geopolitical uncertainties. Recent shifts in global oil trade dynamics, including discussions around sanctions and alternative supply routes, have boosted future supply potential. This has benefited energy stocks, with Shell (SHEL) gaining 3.6% in February. Meanwhile, European defense stocks climbed as the EU seeks to strengthen its own military capabilities, potentially reducing future U.S. defense contracts. This shift negatively impacted U.S. defense firms, with General Dynamics (GD) falling 3.8% last month.

Tariffs
According to the WTO, newly proposed tariffs on steel and aluminum have heightened trade tensions, particularly with Canada and Mexico, endangering $918 billion in trade. These tariffs pose a direct risk to BIF holdings such as Flex (FLEX), General Dynamics (GD), and Yeti (YETI), which rely on steel and aluminum for production. FLEX fell 6.7%, and YETI dropped 5.3% in February due to mounting uncertainty. However, Coca-Cola (KO) surged 14.2% as investors rotated into defensive names to hedge against trade volatility.

Inflation
Core inflation climbed 3.3% over the past year, driven by rising housing and insurance costs, despite political efforts to curb price pressures. The Federal Reserve's high interest rates continue to weigh on economic activity, though speculation of rate cuts is growing. Market expectations suggest the Fed may consider rate reductions by mid-2025 if inflationary trends stabilize.

Given ongoing inflationary pressures, we recommend remaining overweight in defensive sectors such as Utilities, Materials, and Consumer Staples—the BIF's strongest-performing industries last month—as they can provide stability in volatile conditions.

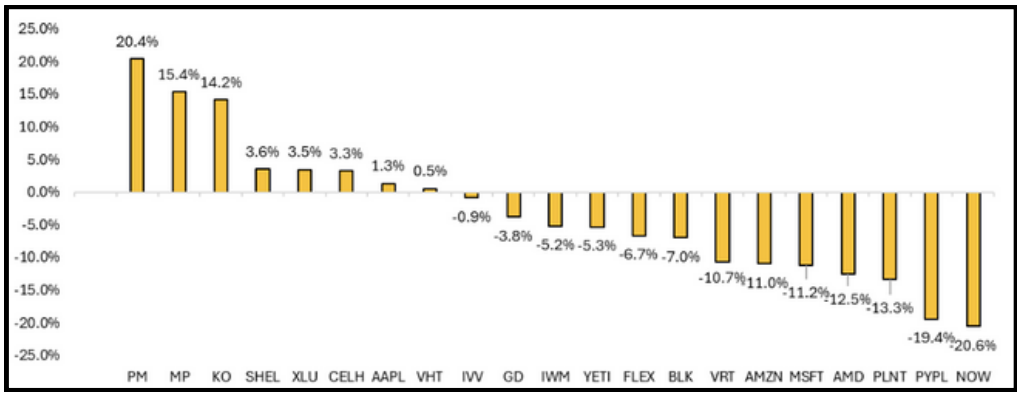
-Brenden Wortman and Carson Beane, Economists

Performance Analysis

February erased much of January's gains as tech struggled, tariff tensions escalated, and consumer sentiment declined. As of February 21, the BIF was outperforming the benchmark YTD by 2.39%, with a total YTD return of 4.63%. However, heightened volatility weighed on performance, with the BIF declining 3.4% for the month compared to the S&P 500's 1.3% drop. The broader market downturn was largely driven by underperformance from five of the Magnificent Seven. The BIF holds two of these—Amazon (-11.0%) and Microsoft (-11.2%)—but its largest loss came from ServiceNow (-20.6%) due to weaker-than-expected 2025 subscription guidance and a broader pullback in AI stocks.

Despite market turbulence, the BIF posted gains in five sectors: Materials, Consumer Staples, Energy, Utilities, and Healthcare. Looking ahead, we believe maintaining an overweight position in Consumer Staples and Utilities while remaining underweight in Tech and Financials will help mitigate downside risk in volatile markets.

On the upside, Philip Morris led the BIF with a 20.4% gain, fueled by strong earnings and continued growth in smoke-free products amid tightening anti-smoking regulations. MP Materials (+15.4%) benefited from its strategic role in rare-earth independence amid tariff concerns, along with the announcement of a new facility in Fort Worth. Coca-Cola (+14.2%) saw a resurgence in demand driven by limited-edition flavors, no-sugar options, and higher pricing that boosted revenues. Despite February's volatility, the BIF's defensive positioning proved resilient. We remain confident that a continued focus on defensive sectors will help navigate uncertain market conditions.



-Jack Parquette and James Buck, Accountants

YTD Returns

BIF	**0.1%**
S&P 500	**1.4%**

Feb Returns

BIF	**(3.4%)**
S&P 500	**(1.3%)**
AAPL	1.3%
AMD	(12.5%)
AMZN	(11.0%)
BLK	(7.0%)
CELH	3.3%
FLEX	(6.7%)
GD	(3.8%)
KO	14.2%
MP	15.4%
MSFT	(11.2%)
NOW	(20.6%)
PLNT	(13.3%)
PM	20.4%
PYPL	(19.4%)
SHEL	3.6%
VRT	(10.7%)
YETI	(5.3%)
VHT	0.5%
IWM	(5.2%)
IVV	(0.9%)

For an up-to-date view of the BIF, Click Here

Thoughts On China

Over the past year, the 2024-2025 group has largely written off Chinese equities due to the relative weakness of the Chinese economy. For example, in November, we sold our position in Baidu, primarily due to the stock's lackluster performance and limited growth potential within China. However, in recent months, I have observed signs of economic growth, particularly in the entertainment sector. In December, a Chinese company released the video game *Marvel Rivals*, which quickly became one of the most popular games of the year, amassing over 40 million unique players. Additionally, in February, a Chinese film studio released the children's movie *Ne Zha 2*, which has already become the highest-grossing animated film of all time, with an impressive $1.7 billion in revenue. While these successes don't necessarily indicate a broader economic resurgence, they do suggest promising growth within the entertainment industry. China still faces significant economic challenges, such as its inverted population pyramid. However, given the country's high GDP growth and growing dominance in entertainment, this is a trend I will continue to monitor closely.

-Collin Sadler, BIG Update Editor

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