



BOWDEN INVESTMENT GROUP

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Letter From the President~

Happy New Year! The BIG is excited to be back and we hope everyone had a wonderful holiday break.

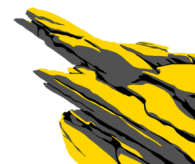
This month marked the beginning of our final semester at Appalachian State University. As we shift into recruiting season for the next BIG class, we have taken the time to reflect on how far we have journeyed and the skills we have developed as we eagerly prepare to step into our full-time careers. Currently, our group must keep up the pace as we have big decisions to make and lots of work to do before we are ready to celebrate.

During January, we analyzed historical risk and returns of different asset classes, discussed the impact of correlation in international markets, learned about REITs, and reviewed an article on capture ratios written by former advisor, Dr. Goff! With recent market uncertainty, our class discussions have been centered around our economic outlooks and Federal Reserve rate hikes as we begin selecting stocks to pitch in order to position our portfolio for future growth.

Additionally, the CFA Institute released a new learning series on Attribution Analysis for Student Managed Investment Funds that we have been working through. The goal of the series is to increase our understanding of factors that drive portfolio risk and return and apply those concepts to our management of the Bowden Investment Fund.

Finally, our class hosted guest speaker, Brandy N. Smith, who serves as VP of Workplace Diversity & Counsel at Lincoln Financial Group. Recommended by Chief Diversity Officer Jamie Parson, Ms. Smith helped our group to better understand the implications behind our word choices as well as how our experiences and biases impact our perceptions and decisions. These skills will help us navigate the workforce in a few months as well as help us recruit the next BIG class. This was Ms. Smith's first time speaking with Bowden, and we hope that she will return to speak with future classes!

*Sincerely,
Caroline Alba*



BIG Competitions

Over the last few weeks, the BIG has been working diligently to prepare for upcoming competitions. The BIG has divided into three teams of four, each continuing to refine their analytical, presentation, and team-working skills. This month, our CFA Institute Research Challenge team submitted their final analyst report on North Carolina company, ChannelAdvisor Corporation (NYSE: ECOM) and have been invited to present their findings in late February. Our University of Georgia Stock Pitch Competition team will be pitching McDonald's Corporation (NYSE: MCD) and our University of Michigan ENGAGE Undergraduate Investment Conference Stock Pitch team will be pitching NextEra Energy (NYSE: NEE). Along with the competitions, both teams will be pitching these companies for inclusion into our portfolio to increase our exposure to the consumer cyclical and utilities sectors. Everyone is working incredibly hard to represent the Walker College of Business and Appalachian State University and we wish all teams the best of luck!



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Year in Review and Looking Ahead to 2022~

The past year saw notable additions and trimmings to the portfolio that resulted in a transition away from growth companies to equities we believe offer stability in the face of irrational valuations and interest rate increases. After a stellar year for equity markets in 2021, the month of January saw increased volatility from multiple factors, pushing the markets to near correction territory at one point and giving rise to a predominantly bearish sentiment for individual investors according to the [AAII](#). Former shining stars, like Amazon, Dollar General, and Turtle Beach have lost over 10% respectively since the beginning of the New Year, while defensive value stocks like Lockheed Martin and Shell are taking off. While we have already been rewarded by the stability given by some of our newest additions to the portfolio, we continue to discuss how volatility derived from geopolitical, market, and economic factors contribute to overall investor sentiment. As we prepare for Federal Reserve interest rate decisions in the coming weeks, we are continuing to position the BIF to offer stability in the face of volatility, while creating a robust portfolio that will offer superior risk-adjusted returns for the 2022-2023 class of the BIG to inherit.

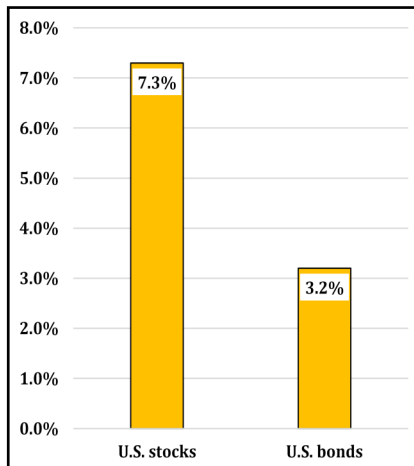
BIG Recruitment is in Full Swing~

The Bowden Investment Group is actively recruiting next year's class. This month, the BIG has been visiting finance classes in the Walker College of Business to promote the group and share how it has allowed us to grow and develop as business professionals. Although the Bowden Investment Group experience is challenging, it is an incredible opportunity to gain strong analytical, presentation, and teamwork skills along with other transferable experiences. Additionally, we also hosted a table at the WCOB Spring Club Expo where we had the opportunity to connect one-on-one with many exceptional finance students. We will hold our annual interest meeting in February, in-person, and the BIG is greatly looking forward to interviews in March. Applications are now open and will remain open until the end of the month. Potential applicants can view the application [here](#). We are truly grateful to be a part of the Bowden Investment Group and we greatly encourage anyone interested to take advantage of this opportunity.

Economic Outlook ~ Ryan Critcher

January has provided a volatile start to the new year for the broader economy. With uncertainty regarding the upcoming Federal Reserve interest rate hikes and increasing inflation, the economy has a potentially rocky road ahead. The most recent FOMC statements indicated that bond purchases will end around March, with interest rate hikes soon to follow. Additionally, there were hints at a balance sheet reduction coming in the summertime. We are expecting at least three rate hikes this year; however, some banks expect several more than that, each around 25 basis points. The S&P 500 had its worst month since March 2020, when the COVID-19 pandemic first hit. The BIF did finish down on the month; although beating the S&P 500 benchmark by a few percentage points. This can be attributed to lowering the weight of technology in our portfolio, a move that paid off this month.

Technology is one of the industries most hurt by rising rates. This is reflected in the 10% decline in the Nasdaq index, better than the 15% decline at one point earlier in the month. In our opinions, the fund is well-positioned with the purchase of XLF, a financial services ETF, as a potential hedge to the rising rates, which vastly outperformed both IVV and IWM this month. While there is some worry about the year ahead, average U.S. stock and bond performance 12 months following the Federal Reserve's decision to raise interest rates has historically been positive, with the graph to the right illustrating this. We expect increased volatility as these decisions approach on the calendar, however, we believe volatility will lessen and begin to normalize as the Federal Reserve begins to adopt more aggressive policy in response to inflation and as extreme fear levels fall from historical highs.



YTD Returns

BIF	(3.53%)
S&P 500	(5.17%)

January Returns

Ticker	Return
AAP	(2.23%)
AAPL	(3.97%)
AGCO	(0.03%)
AMZN	(12.22%)
CRM	(8.94%)
CVS	2.26%
DG	(11.47%)
FB	(7.47%)
GOOGL	(6.68%)
HD	(10.19%)
HEAR	(12.86%)
IVV	(5.85%)
IWM	(10.69%)
LMT	9.81%
SHEL	15.14%
STLD	(9.96%)
SYK	(7.59%)
V	2.14%
XLF	(1.19%)

For an up-to-date view of the BIF, [click here](#)