

Bowden Investment Group

October 2023 Update

Letter From the President

Hello all,

It is my honor to address you as the President of the Bowden Investment Group for the 2023-2024 year. I am Corbin Lammers, and I am thrilled to have the opportunity to lead our group. Our mission this year is not only to uphold the success of the fund but also to foster personal growth in each of our members.

As the President, one of my key responsibilities is to keep you informed about the happenings and achievements within our group. I am pleased to share some of the exciting developments from the month of October. We had the privilege of hosting Tim Smith, Ian White, Danny Sullivan, and Alan Hodgson from FORVIS, who shared valuable insights on valuation methods and uses. Bowden alumni Ryan Critcher, Brandy Crump, and Matt Ramundo also visited and provided us with excellent guidance for our academic and professional journeys.

Early in the month, our group had the great privilege of traveling to Chicago for the Student Managed Investment Fund Consortium (bottom right photo of our tour of the CBOE). Every member of our group participated in this event, either by submitting essays in groups of three for the Portfolio Building Competition or by presenting in the Fund Poster Competition. The time we spent in Chicago was truly unforgettable, and I believe it will be a pivotal memory for all of us. I would like to take this opportunity to extend our heartfelt gratitude to our supporters for making this experience possible. Your generosity has played a significant role in our growth and development, and we are immensely grateful.

This year's CFA Institute Research Challenge Team was also selected this month. I am thrilled to congratulate Ashley Meacham, Brianna Gilmore, Derek Mahato, and Maximus Pavone for taking on this challenge along with me. Our team will analyze **Nucor Corporation**, and we are determined to showcase why the Broyhill Fellows are a premier group and global competitor.

Last year, the Bowden Investment Group launched the Dr. Delbert C. Goff Scholarship for Applied Investments to honor Dr. Goff's legacy and impact on the group. Thanks to your generosity, six of our students were awarded impactful need-based scholarships for the 2023 academic year (bottom left photo of the scholarship reception at the Grandview Ballroom). These scholarships enable us to focus on our coursework without the burden of significant outside employment, helping to foster an environment of academic excellence.

Finally, we extend our appreciation to our advisors, Dr. Hadley and Mr. Poole, for their unwavering support, continuous guidance, and invaluable advice, which have played a significant role in molding our class into the finest versions of ourselves.

Sincerely,
Corbin Lammers



Faculty Advisors:

Dr. Brandy Hadley
Mr. Shawn Poole, CPA

BIG Members:

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New Year, New Focus:

Portfolio Restructuring and Strategy Adjustments

Our group inherited a portfolio of 18 stocks and holdings in three ETFs, with higher allocations in industrials, consumer staples, and consumer discretionary sectors compared to our benchmark, the S&P 500. The remainder of the fund's sector allocations were underweight the benchmark, especially in the technology and healthcare sectors. We are currently debating strategies to change these weightings with new ETFs and cutting positions in industrials. We believe this will provide greater returns with a less defensively tilted portfolio.

The fund has seen a year-to-date decrease of -0.23% as of the end of October, accompanied by a monthly return of -2.09%. Comparatively, our benchmark, the S&P 500, has delivered returns of 10.69% and -2.10% over the same periods. While there are several factors we attribute to year-to-date underperformance, including being overweight in the industrial sector and underweight in technology, we also have seen significant drawdowns in CHWY and FHN.

One of our first decisions was to sell out of our position in CHWY, due to our loss of conviction in the original drivers. We believe that the substantial competition that CHWY faces, as well as its thinning margins and lack of a sustainable competitive advantage, are concerning. These factors caused a change in outlook and ultimately led us to remove it from our portfolio. After removing this from the portfolio, we moved the remaining funds into IVV, an S&P 500 ETF. We believed this to be the best decision due to our lack of a clear investment thesis at the time.

Regarding FHN, we decided to hold the security after investigating the reasons behind its underperformance, even after its failed merger with TD Bank. FHN has experienced increases in overall deposits this quarter but decreased net interest income (NII). This trend is attributed to the conclusion of the Paycheck Protection Program (PPP) Loans. During the COVID era, small banks benefited from the PPP, receiving 37% of all PPP loans, increasing their NII. However, with the conclusion of the PPP in 2021, FHN is seeing a decline in NII. This decline results from customers paying off their PPP loans and the absence of new PPP loans. This is not unique to FHN, as many community banks are grappling with a reduction in NII. We decided to maintain our position in FHN after determining it is currently undervalued due to residual fear after the SVB collapse, resulting in a depressed price-to-book multiple despite resilient fundamentals.

We have also emphasized our awareness of sector weightings and, more specifically, the current makeup of our ETF holdings. By conducting further analysis of the composition of these holdings and by considering alternative ETF options, we can make more well-informed decisions and develop a consistent investment strategy. Additionally, as we more fully understand the fund's underweight sectors, we can incorporate our portfolio strategy as we pitch our stocks in the coming weeks.

-Victor Tovar and Ashley Meacham, Bowden Investment Fund Accountants

Broyhill Fellows: CFA Team

While continuing our research assignments for our fall stocks, we have had the opportunity to read many of the prior CFA reports and utilize these to begin our own reports for the end of the semester. This has also given us a fantastic opportunity to see all of the work and research that goes into the CFA Institute Research Challenge. After meeting with many of our previous alumni who competed in the challenge, members submitted applications to represent the Bowden Investment Group in the competition. We are excited to support this year's Broyhill Fellows: Ashley Meacham, Brianna Gilmore, Corbin Lammers, Derek Mahato, and Maximus Pavone. The company selected for analysis is Nucor Corporation, the largest steel producer in the U.S., based out of Charlotte. The team has already begun meeting under Dr. Hadley's advisory to create schedules, decide roles, and begin analyzing the steel industry. They also joined an investor relations call with Nucor where members were able to have questions answered by management. The members look forward to defending the Broyhill Fellows' name this year and growing their financial analysis skills through such an incredible opportunity.

Oct. Returns

BIF	-2.09%
S&P500	-2.10%
AAPL	-0.26%
AMD	-4.20%
AMZN	4.70%
BLK	-5.29%
CVS	-0.32%
DE	-3.19%
DEO	2.90%
DFAT	-5.38%
FHN	-2.45%
GD	9.20%
HON	-0.80%
IVV	-2.21%
KO	0.91%
LVMUY	5.17%
MSFT	7.08%
PM	-3.69%
SHEL	1.18%
TSLA	-19.73%
ULTA	-4.54%
VWO	-3.24%

YTD Returns

BIF	-0.23%
S&P500	10.69%

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

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Member Spotlight



[Reece Fisher](#)

Hello everyone! My name is Reece Fisher and I am from Morganton, NC. I am majoring in Finance & Banking with plans to graduate in May 2024. I spent the summer working in my hometown at Walgreens as a Pharmacy Technician. I also took five summer courses and completed the Bowden workload to graduate a year early. Being in Bowden has been an amazing experience. The support and willingness to help each of us succeed is not taken for granted. Each alumnus I have had the privilege of speaking with has been extremely insightful and excited to help. Upon graduation, my career aspirations encompass a wide spectrum, including options trading, analyst positions, and more. The skills I've acquired during this experience will undoubtedly bolster my confidence and aptitude as I transition into the workforce. While I possess a broad range of interests, I eagerly anticipate delving deeper into each career path to identify the optimal fit for my professional journey, all while progressing alongside my fellow peers in the program.



[Brianna Gilmore](#)

I am from Monroe, North Carolina and I am a double major in Finance & Banking and Risk Management & Insurance. This summer, I interned at Peachtree Special Risk Brokers just outside of Charlotte. I learned a lot about how to work with a team and about the ins and outs of the Insurance Brokerage industry. I had a lot of fun! I also began working at CycleBar over the summer! It's awesome to take my love for teaching cycle here at App and be able to continue it outside of school! What surprised me most about the BIG is how well you will get to know the other group members. I have loved getting to know everyone so far and can't wait to get to know them even more. I am most likely looking to go into wealth management or financial advising. I have always been drawn to wealth management and financial advising because it combines my drive to improve other people's lives and my love for Finance.



[Luciano Zito](#)

Hello everyone! My name is Luciano Zito and I am double majoring in Finance & Banking and Risk Management & Insurance. Along with this, I am also completing a minor in Digital Marketing. This past summer, I am blessed to say I interned at the North Carolina Rate Bureau where I learned about the insurance industry as a whole and was able to grow my network with seasoned professionals in the industry. Throughout the summer, I completed multiple accounting crash courses, constructed a fully functioning three-statement financial model, and developed a DCF model that I linked to my three-statement model. As a junior, I am looking for internship opportunities this summer within wealth management, investment management, corporate finance, or any other avenues leading into the financial industry. I look forward to honing my educational and professional skills throughout this academic year, and I hope to carry on the legacy all of our great alumni have bestowed upon us!

Student Managed Investment Fund Consortium

During our time in Chicago, we had the opportunity to network with over 300 of our peers from other student-managed investment funds, visit important financial institutions, compete in multiple competitions, and interact with many industry experts. We learned from speakers in wealth management, financial advising, and economic analysis. Notably, we also visited the Federal Reserve Bank of Chicago and the Chicago Board Options Exchange. At the CBOE, we spoke with a floor official to better understand what happens on the trading floor.

Although we did not win the competitions, we learned a lot from developing portfolios and presenting the poster to judges and attendees. We also gained a great perspective on how we can develop our own competition this year. We enjoyed meeting students from other schools and learning more about their programs. Having the opportunity to enjoy a deep-dish pizza dinner with our very own BIG alum, Zane Clark, was also a great experience. After the conclusion of the SMIFC, we explored Chicago and were able to spend some leisurely time as a group, getting to know each other in a city that was new to all of us.



FOR INFORMATION ABOUT BOWDEN INVESTMENT GROUP OR THIS UPDATE, PLEASE CONTACT:

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