

Big Update: **March 2018**



Bowden Investment Group

Faculty Advisors

Dr. Delbert Goff
Mr. David Thompson, CFA

BIG Members

President

Johnathan Smith

Vice President of Recruiting

Daniel Sullivan

VP Public Relations

Christopher Miller

John Miller

BIG Update Editors

Jeff Bennett

Amalia Miles

Andrew Hanley

Accountant and Portfolio Analyst

Puong Vu

Economic and Capital Markets Analysts

Sean Grune

Stephen Potter

Annual Report Editorial Team

Johnathan Smith

Daniel Sullivan

Christopher Miller

John Miller

For information about the
Bowden Investment Group,
please contact:

Dr. Delbert Goff
Goffdc@appstate.edu
(828) 262-6188

For more information on
this update, please contact:

Jeff Bennett
bennettjd3@appstate.edu

Amalia Miles
milesam@appstate.edu

Andrew Hanley
hanleyaj@appstate.edu



Letter from the President –

Despite fewer class meetings due to Spring Break and snow days, March was a busy month for the Bowden Investment Group. The members prepared buy presentations and recruited potential members for next year's class. We look forward to welcoming the next Bowden Investment Group!

The current members had a great time at the BIG Alumni Dinner in Charlotte on March 15th. It was fantastic to meet members from previous years and listen to how they have developed as finance professionals. We enjoyed networking and discussing the Bowden Investment Group in a casual setting. Thank you to all the alumni who joined us. We hope that you had a great time!

The following day we had the opportunity to visit WEDGE Capital Management. At WEDGE, we heard presentations from analysts across industries and the investment spectrum. The BIG also learned about WEDGE's investment strategies, and how those strategies may be used for the Bowden Investment Fund. Thanks to all those at WEDGE who made time in their schedules to meet with us and share many aspects of their jobs.

The Bowden Investment Group had two guest speakers in March. Mr. Travis Meldau from Dimensional Fund Advisors spoke to the group about his career path, role as a portfolio manager, and Dimensional's investment philosophies. We also had the opportunity to hear a presentation from Mr. Sean Poole who spoke about his career in the Finance industry – specifically his time as a CFO of Employbridge. Mr. Poole also shared investment knowledge and key characteristics that he looks for when making investment decisions. Thank you Mr. Meldau and Mr. Poole for making time to speak with us. We are grateful for the knowledge and perspective that you provided the BIG!

As we near the end of our time as students in the Bowden Investment Group, we continue to seek investments that will generate value and look forward to leaving a lasting impact on the BIF.

As always, thank you all for your continued support of the Bowden Investment Group.

Best Regards,

Johnathan Smith, President

BIG March Activities

Presentation from Mr. Sean Poole, *Employbridge*



BIG Visit to Wedge Capital



Economic and Capital Markets Update –

The House passed a spending bill of \$1.3 trillion to fund the government until the end of September. The primary increases will be for the military and domestic programs. The most controversial part of the bill is a \$1.6 billion provision for border security. The turnaround on passing the bill was quick; it was proposed on Wednesday the 18th and passed Friday the 20th. The bill boosted spending \$140 billion above the ceiling that was set for such bills in 2011. However, the additional spending was necessary to bring both parties to an agreement – ultimately allowing the bill to pass without much difficulty. Excessive spending fuels concerns about the increasing budget deficit and federal debt levels.

The Fed concluded their second meeting in March, and voted unanimously to raise interest rates 25 bps to 1.75%. Many analysts and economists believe that the Fed could raise interest rates two or three more times this year. When asked about his concerns regarding fiscal policy, Jerome Powell said, “Raising rates too slowly would raise the risk that monetary policy would need to tighten abruptly down the road, which could jeopardize the economic expansion.” As inflation levels are increasing, mixed with increasing interest rates, the BIG will continue to analyze our portfolio in this ever-changing environment.

Even after the past months of poor performance in the markets, many indicators such as the Shiller P/E and Buffett Indicator still point toward overvalued assets. For an example, the Shiller P/E has dropped approximately 5.0% since last month. However, this measure is still above the 2007 and late 1920’s levels. With this information, the Bowden Investment Group continues to manage the portfolio with a long-term strategic mindset.

At the beginning of March, President Trump announced his intention to impose tariffs on \$50 billion dollars of Chinese goods, driven by perceived trade imbalances and the theft of intellectual property by Chinese companies. Nearly 1,300 imported goods may be subject to these tariffs, ranging from semiconductor machinery to dishwashers to snowplows and beyond. Concerns of a trade war are increasing, as it is expected that China will retaliate with tariffs of their own. Some lawmakers and industry professionals believe the tariffs will hurt Americans: “Tariffs penalize U.S. consumers by increasing prices on technology products and it will not change China’s behavior,” said ITI, a technology industry trade group. Lastly, a primary driver for imposing tariffs on Chinese goods is to decrease the trade gap with China that has reached over \$375 billion.

Meet the Members – Sean Grune & Andrew Hanley

Sean Grune is from Charlotte, North Carolina and is majoring in Finance and Banking with a minor in Spanish. He is currently looking for a job as a financial analyst and plans to study for the CFA after graduation.

Sean has enjoyed learning fundamental financial analysis from Dr. Goff and Mr. Thompson. Being a member of the Bowden Investment Group has provided him with a great foundation to pursue a career in financial analysis. The BIG has taught Sean how integral keeping up with the markets and world economic news is because of their constant impact on market conditions. Sean has thoroughly enjoyed his experience in the Bowden Investment Group.



Andrew Hanley is from Wilmington, North Carolina. He is majoring in finance and banking with a minor in Chinese. After graduation Andrew will be working for Credit Suisse in Raleigh. During his time as a member of the Bowden Investment Group, Andrew has thoroughly enjoyed interacting with his professors and peers. His most memorable experience was being a member of the CFA team. While at ASU he has been affiliated with the Delta Sigma Phi fraternity, Walker Honors college, and the Holland Fellows. In his free time, Andrew enjoys going out with friends, being outside, and playing video games.



March Returns

<u>Ticker</u>	<u>Return</u>
PPA	0.34%
V	-0.65%
FB	-9.18%
FIS	0.35%
GOOGL	-3.20%
IVV	-1.61%
KMX	3.13%
NVS	-1.88%
AMZN	-3.09%
NWL	-3.85%
VFH	-2.13%
SYK	1.02%
IAT	-2.97%
NTRI	-12.92%
TTEK	0.00%
MLM	1.59%

Total BIF Value
\$147,399

YTD Returns

BIF	-1.75%
S&P 500	-0.76%

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

