

Big Update: February 2014



# Bowden Investment Group

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## *Letter from the President*

I am proud to announce that for the third consecutive year, and for the fourth time in the six years of the competition, the CFA team from Appalachian State University has won the North Carolina CFA Institute Research Challenge. Congratulations to team members Cameron Newell, Clark Featherstone, Madison Bigham, and Zachary Lavasque on your hard work and dedication. Many hours of effort went into generating a quality report on Krispy Kreme Doughnuts, Inc. and the team is continuing to fine-tune its presentation for the upcoming America's Regional round in Denver, Colorado.

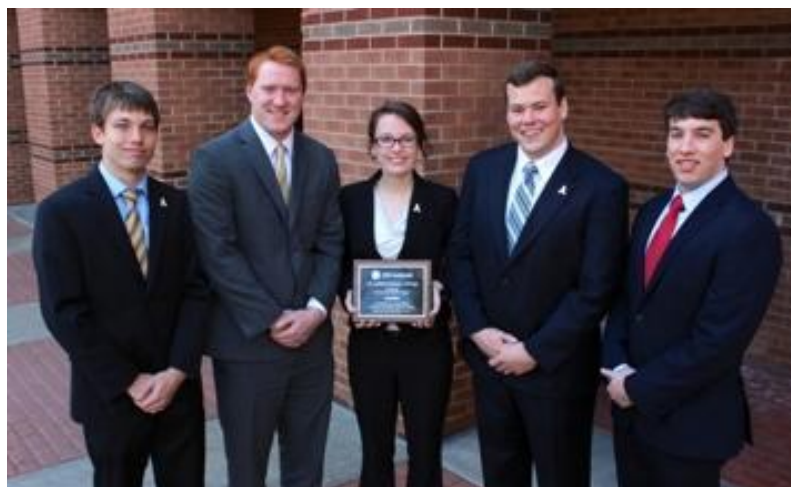
Our team's report placed in the top four reports in the state, scoring higher than teams of undergraduate and graduate students from Wake Forest, Duke, UNC Chapel Hill, and other universities across North Carolina. In the presentation round, Appalachian State's team faced undergraduate students from UNC Wilmington and Elon, as well as graduate students from NC State.

We would like to extend our gratitude to Dr. Goff and Mr. Chris Pavese for guidance throughout the Research Challenge, as well as to all of the supporters of the Bowden Investment Group for allowing us the opportunity to continue to develop into financial professionals.

*-Jack Bishop*

*"Don't be afraid to give up the good to go for the great."*

*-John D. Rockefeller*



2014 CFA Team: Zachary Lavasque, Cameron Newell, Madison Bigham, Jack Bishop, and Clark Featherstone

## Economic Outlook

February began with volatility driven by slowing data out of China, and a consequential sell-off in currencies across emerging markets. However, a calming voice from Janet Yellen drove markets higher and losses were soon erased. Emerging markets have quieted subsequent to their implosion as China's fiscal year 2013 GDP came in at a consistent level of 7.7%. This level was equivalent to growth in 2012, but does bring some concerns about the future sustainability of the world's fastest growing economy. Another significant number is the U.S. unemployment rate, which hit 6.5% for the first time since 2008, sparking various discussions at the January Fed meeting.

Recent events involving Russia and Ukraine have pushed markets lower and created a technical sell-off throughout global markets. I don't believe the sell-off is warranted at this time, as Russia's current involvement in Crimea/Ukraine is both politically and economically insufficient. Ukraine is a large breadbasket for Western Europe as well as a major oil pipeline out of Russia. However, the uncertainty of Putin's agenda briefly pushed Crude over \$104/barrel. With Putin's later announcement regarding no required military action the price retreated to \$103/barrel. Moving forward, I expect Russia to pull out of Crimea, and markets to settle down as the March Fed meeting approaches. January minutes provided evidence of an interest rate reevaluation in the near term, but I don't believe any action will be taken at this time. I continue to remain bullish on US markets for two reasons: positive Q4 and fiscal 2013 earnings from major US companies and positive economic numbers, particularly from the housing sector and consumer spending.

-John Granzow

## Hardin Park Elementary

This semester the Bowden Investment Group has decided to volunteer time at Hardin Park Elementary to teach a group of academically gifted fifth graders about the basics of investing in the stock market. A few members of the BIG have decided to visit the class every other week and provide an outside view on the topics the students are studying. Our first visit to the classroom involved a short lesson on P/E ratios as well as time spent in groups that will later compete in a stock performance simulator game. The children seemed to really enjoy our presence and were very interested to learn how to pick just a few select companies out of the entire universe of stocks. Most of the students are just learning about parent companies and do not yet have a grasp of how the actual process of investing works. We also spent some time talking about the difference in market capitalization and stock price. It was a challenge to teach that share price alone does not mean much in terms of valuation. We are all excited to see the progress that these students will make this year. Financial education can never come too early and teaching this group of 5<sup>th</sup> graders will be just as beneficial to the Bowden Group as it will be to the students.

-Jason Capps



## February Returns

Ticker	Return
AAPL	5.12%
ABB	2.58%
APA	-1.21%
ARG	4.42%
CSX	2.97%
DEO	4.71%
DHR	2.82%
ESRX	0.83%
GOOG	2.94%
KORS	22.64%
NVS	5.20%
SLYG	4.30%
SPY	4.55%
SYK	3.40%
TUP	0.31%
VHF	3.39%
VSI	4.40%
WMT	0.03%
XOM	3.22%
<b>Total Fund</b>	<b>3.79%</b>

## Bowden Investment Fund YTD Returns

	Bowden Investment Fund	S&P 500 Index
2014 YTD	-0.70%	1.00%

## Recent Fund Activity

Sold  
PETM  
GML

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