

Big Update: **February 2015**



Bowden Investment Group

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WALKER
COLLEGE OF BUSINESS

Letter from the President:

I am happy to announce that for the fourth time in a row, and the fifth time in our seven years competing, our CFA team has won the North Carolina CFA Institute Research Challenge. I would like to congratulate team members Matt Wine, Caitlin Owings, Brett Featherstone, and Nathan Birmingham on their dedication and hard work. The CFA team has worked tirelessly over the past months to prepare a quality report and presentation on Hanesbrands, Inc. The team will now continue to update their valuation and presentation before they head to Atlanta, Georgia for the next round in the competition. This would not have been possible without the guidance and expertise of Mr. Chris Pavese and Dr. Goff.

In the CFA Research Challenge our team went up against other graduate and undergraduate students from top programs such as Elon, NC State, Duke, UNCW, and Chapel Hill. Not only did we compete, we won. We are proud of our team and excited to carry on this winning tradition at Appalachian State.

This month we also re-allocated some of our holdings. We increased our CVX (Chevron) holding from 2.7% to 4.0%, as a bullish play on oil. We allocated 3.5% of our fund to HBI (Hanes) due to the CFA Team's positive valuation and belief in management. We allocated 4.0% of our fund to an emerging market ETF based on a presentation from Patrick Fontaine. His research led him to believe that they have a positive future ahead due to their recent poor performance and the expectation to grow 2 to 3 times faster than developed nations. Lastly we sold all of our HD (Home Depot) holdings after a sell presentation from Andrew Furr.

Thank you for all of your continued encouragement and support towards the Bowden Investment Group.

-Stephen Boatman, President

Economic Outlook:

If you had planned to go to Greece betting they would leave the Euro don't go booking your vacation plans just yet. After the initial standoff between Greece and the rest of the Eurozone, the sides have come to an agreement for a four month extension on their bailout funds, which would have expired February 28th. This doesn't take all of the pressure off Greece as they might need to negotiate another deal for their €1.5 billion bond repayment in March and their €7 billion bond repayment in August. The biggest opponent of this deal, and future deals, continues to be Germany. Many of the conservative party members in Germany are wary, but supportive at this point. They have said that if Greece were to renege on their debt payments, or changes agreed upon in the extension, the deal would be invalid.

Janet Yellen also made a trip to Congress to speak to the Senate Banking Committee and indicated again the rising interest rates are coming. She has finally started to acknowledge that the federal fund rates will increase, but continued to say the Fed would be 'patient' with a change in wording coming before an actual change in interest rates. They are still targeting a 2% inflation rate. The CPI did fall this past month 0.7%, down 0.1% from a year ago, primarily driven by the drop in gasoline prices. The Core CPI, which doesn't include food and energy, is up 1.6% from a year ago.

-Matt Wine, Economic Analyst

Industry Performance & Outlook:

This past month has been good for the technology sector of the Bowden portfolio. Previously, our portfolio had three tech stocks: Apple (AAPL), Google (GOOG) and Stratasys (SSYS). However, due to our belief that there will continue to be low consumer demand for 3D printers, we sold SSYS. Also, in an effort to rebalance our portfolio, we reduced our holdings in Apple from 6.38% to 5%. In total, technology stocks now make up 10.64% of our portfolio. Returns for the technology sector were strong during February. Apple gained 9.64% for the month, which beat the S&P 500 by 4.15%. Google returned 4.47%, which underperformed the S&P's return of 5.49%.

The outlook for our holdings in the technology sector is promising in both the short and long term. Consumer spending is expected to increase, which will be beneficial to tech stocks, such as Apple and Google. Apple is expected to continue earning strong revenues from their sales of the iPhone 6. We believe Apple Pay will continue to gain traction with consumers as a more efficient means to make purchases. Also, Apple is expected to release its Apple Watch in April. We are hopeful consumers will adopt this new product quickly.

Google also has a positive outlook for the coming months. While they have seen a reduction in their revenues from their search engine business segment, they are developing new and innovative ways to earn money. Most notably, they are pushing sales of Nest, their "smart" thermostat and home management system. Also, Google is continuing research and development for several other products that will be released within the next two years. The Google Car, Google Pill, Google Boat, and Google Contact Lenses are all products they plan to release in the long term.

Overall, the technology sector of the Bowden Investment Fund shows great promise for the coming months. Increased consumer spending will be beneficial for our portfolio, especially technology stocks such as Google and Apple. These two are continuing to innovate and will maintain consistent earnings in the long term creating the potential to produce returns above the S&P 500 for the BIF.

-Zach Pulliam, Industry Analyst

Alumni Spotlight:

Larissa Neifeld



Larissa Neifeld
BIG Class: 2006 – 2007

Larissa began her career with Wachovia in 2006 in their finance and audit management-training program. After the program's completion she moved to the Global Financial Institutions group where she specialized in lending to financial institutions in emerging markets.

In 2012, Larissa moved from Charlotte, NC to London, UK to establish an in-market based deal execution team for credit products for financial institutions in Europe, Middle East, Africa, and Asia. In 2014, she moved to the risk distribution and syndication team supporting large financings for corporate borrowers and financial institutions.

If you would like to be featured in this section, please contact Danelle Chilcott (chilcottm@appstate.edu) or Caitlin Owings (owingsca@appstate.edu)

February Returns

Ticker	Return
AAPL	9.64%
ABB	11.76%
ARG	4.07%
CSX	3.03%
CVX	4.05%
DHR	5.95%
ESRX	5.06%
F	11.08%
FL	5.54%
GOOG	4.47%
GOOGL	4.67%
HBI	8.43%
IJT	6.24%
IVV	5.65%
KKD	12.07%
NVS	5.13%
SKT	-9.91%
SYK	4.06%
VEA	4.60%
VFH	5.07%
VSI	0.31%
WMT	-1.24%
Total	4.48%
S&P	5.75%

Total BIF Value
\$124,817.00

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

	Bowden Investment Fund	S&P 500 Index
YTD Return	1.62%	2.58%