

Big Update: **January 2017**



Bowden **Investment** Group

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WALKER
COLLEGE OF BUSINESS

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Letter from the President

I hope that each of you had a wonderful holiday season and that you are enjoying the New Year.

The Bowden Investment Group is excited about 2017 and the upcoming challenges. We are actively reviewing the fund and learning about risk and return theories to better position our portfolio and our asset allocations. The group is now preparing sell presentations for stocks currently in the portfolio. We are evaluating the strength of each company and deciding if the stock will help us achieve our goal of outperforming the S&P 500. I am happy to report that the BIF is now at a record high value, and we are dedicated to upholding the high standard of the Bowden Investment Group that those before us have set.

During January, four members of BIG competed in the University of Georgia's Stock Pitch Challenge. Jewell Ward, James Marlowe, Ana Silverstein and John Rucker spent a day in Athens competing against universities across the United States. They pitched Chipotle Mexican Grill, arguing that the stock is currently undervalued due to the recent food contamination outbreak. Their buy presentation was so convincing, BIG bought shares of CMG during the group's practice presentation in class. We are immensely proud of the time and energy the UGA stock pitch team put into their presentation and look forward to tracking Chipotle's future growth.

The Broyhill Fellows returned from winter break three weeks early to continue working on their report for the CFA Institute Research Challenge. After submitting their final report, the team recently learned they have advanced to the final round of the local competition hosted by the CFA Society North Carolina. We are all very proud of the Broyhill Fellows for their hard work and that Appalachian is the only University to have a team in the North Carolina Finals in all nine years that the competition has been held.

The final round of competition, which consists of presentations by four teams, will be held at noon on Saturday, February 25th on the campus of UNC-Greensboro. I know that all of the members are dedicated to winning the research challenge and we look forward to supporting them as they prepare for the presentation. I would also like to thank the Broyhill Fellows' mentor, Chris Pavese, for providing the team with his guidance and expertise.

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

Sincerely,

Logan Newman, President



The UGA Stock Pitch Challenge participants, pictured from left, are senior finance and banking and risk management double major **John Rucker**, junior finance and banking and accounting double major **James Marlowe**, senior finance and banking major **Jewell Ward**, and senior finance and banking and risk management double major **Ana Silverstein**.

[Click here](#) for the Walker College of Business news release.

Economic Outlook

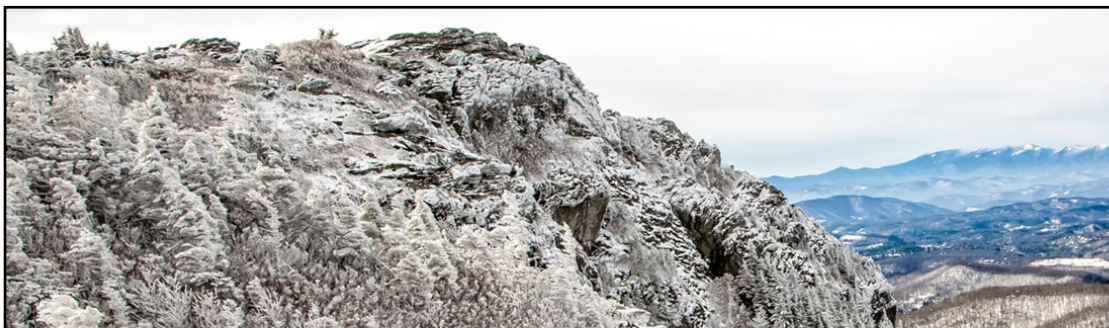
Macro Growth Prospects - In the 4th quarter of 2016, American GDP grew at an annualized rate of 1.5%. This was slower than the 3rd quarter, but still not far off most estimates by economists. The new Trump administration has talked about GDP growth upwards of 4%, a stark contrast to the relatively modest growth since the most recent recession. Concentrated infrastructure investments will no doubt help, but increasing the American economy's long-term potential growth rate to over 3% is no small task.

Travel Troubles - President Trump's temporary ban on travel from seven North African and Middle Eastern countries led to widespread protests in airports across the nation. Technology executives, including Apple's Tim Cook and Alphabet's Sergey Brin, expressed their dismay with the President's executive order. We expect this ban to have a mildly negative impact on certain holdings in the Bowden Investment Fund, specifically AAPL and GOOGL.

Cash is King - Many investors are increasing their cash holdings since the Inauguration. President Trump's potential protectionist trade policies caused increased uncertainty among investors, resulting in the transfer of roughly \$750M dollars into cash holdings. Though markets overall have a clear preference for President Trump's desire to slash corporate tax rates and reduce regulation broadly, investors appear to be skittish on issues of immigration and global trade.

Trumpflation - Economists expect a shift from the low inflation seen since the financial crisis, to higher inflation under President Trump. The increase will likely be the result of a greater use of fiscal policy, as opposed to a preference for monetary stimulus during the Obama administration. Additional government spending this late in the business cycle will contribute to higher inflation, which isn't necessarily something the new administration opposes. We expect this to coincide with an increasing national deficit, especially if infrastructure spending continues as expected.

Charles Plummer and Matt Burns, Economic Analysts



January Returns

<u>Ticker</u>	<u>Return</u>
AAPL	4.77%
AMT	-2.06%
CMG	11.69%
COST	2.40%
FIS	5.00%
GOOG	3.24%
GOOGL	3.50%
IAT	0.66%
IVV	2.58%
JBLU	-12.53%
NVS	1.48%
NWL	6.00%
ODFL	2.90%
PSCM	-0.57%
RHS	1.26%
SYK	3.10%
TJX	-0.28%
TSCO	-2.82%
V	6.01%
VFH	0.15%
^GSPC	1.79%
BIF	1.02%

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

Meet the Members



Mac Shelton

McCarthy "Mac" Shelton is a senior from Cary, NC. He is majoring in Finance and Banking with a minor in Military Science. He currently works part-time at the University Tutoring Center. Mac is a cadet in Appalachian's Army ROTC Program, and will commission as a second lieutenant in the NC National Guard's Finance Corps in May. He is also a Walker College of Business Honors student and an alumnus of the William R. Holland Fellows Program. Mac's favorite aspect of the Bowden Investment Group is its focus on the fundamentals of business analysis and valuation. He enjoys working with a team of intelligent and driven individuals to accomplish the mutual goal of maximizing the fund's performance. The Broyhill Fellow experience has taught him valuable lessons about research and analysis, as well as teamwork and discipline. He looks forward to seeing the group take a more direct role in managing the portfolio this semester, and expects big things from the fund in 2017.



Harrison Gillette

Harrison Gillette is a senior from Raleigh, NC. He is double majoring in Finance and Banking and Risk Management Insurance. He is active on campus as a Student Ambassador and serves as a member of the AppSTAT executive board. Harrison has interned with numerous firms including Captrust, Hatteras Funds, Emerald Investment Partners and, most recently, at Ipreo as a global markets analyst. "The best part of Bowden is the relationships that form between members and, of course, Dr. Goff and Mr. Thompson. It's great to know that these people will be part of our professional network for years to come."