

Big Update: **January 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**

*Phuong Vu*

### **Economic and Capital Markets Analysts**

*Sean Grune*

*Stephen Potter*

### **Annual Report Editorial Team**

*Johnathan Smith*

*Daniel Sullivan*

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## ***Letter from the President —***

I hope all of you had a fantastic holiday season and are enjoying the New Year!

The members of the Bowden Investment Group are excited for 2018 and the challenges it will bring. We're learning about risk and return theories and asset class correlations, to gain a better understanding of how to diversify the portfolio. We continue to analyze the performance and competitive advantages of each stock in the portfolio to determine which will contribute to achieving our goal of outperforming the S&P 500. It's exciting to report the BIF ended the month at a record high value of over \$158,000! We are committed to our fiduciary responsibility to perform at our best and to the high standard of the Bowden Investment Group.

Additionally, The Broyhill Fellows returned from Christmas break several weeks early to continue work on their report for the CFA Institute Research Challenge. The team recently submitted their final report and I'm happy to announce they have advanced to the final round of the local challenge hosted by the CFA Society of North Carolina. The members are extremely proud of the Broyhill Fellows for their hard work and dedication. Our 2018 participation makes Appalachian the only university to have a team in the North Carolina Finals in all the 10 years the competition has been held. This speaks to the caliber of students selected to be a part of the Bowden Investment Group, and the unparalleled guidance and expertise of Dr. Goff and Mr. Chris Pavese.

The final round for the local competition, hosted by the CFA Society of North Carolina, will be held on Saturday, February 17<sup>th</sup> on the campus of UNC-Greensboro. I have seen how hard the Broyhill Fellows have worked and I know they are dedicated to winning the challenge. The group is committed to supporting the team as they prepare for the competition and we look forward to seeing their achievements. I would like to thank the Broyhill Fellows' mentor, Chris Pavese, on behalf of the group for providing the team with his guidance and expertise.

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

Sincerely,

*Johnathan Smith, President*

## ***BIG Accomplishments***



Pictured Left to Right: Sean Grune, Stephen Potter,  
Johnathan Smith, and Phuong Vu

### **2017-2018 UGA Stock Pitch Challenge Team -**

Four members of the Bowden Investment Group submitted a presentation to the University of Georgia's Stock Pitch Challenge. The team was selected to compete in the final round in Athens, Georgia on February 23rd against universities from across the United States.

Their presentation is on CarMax Inc. and advocates the company as a BUY based on expected growth and key competitive advantages. This marks the BIG's third year of being invited to the competition. We are proud of the team's hard work on their UGA presentation and we look forward to them competing in Athens. GO BIG!

## Economic and Capital Markets Update —

As 2017 came to a close, unemployment remained low at 4.1% and jobless-claims were near record lows at 233,000. Holiday spending during the months of November and December was the largest since the Great Recession at \$691.9 billion, an increase of 5.5% from the last season. The largest increases in spending were in furniture, building materials and electronics; however, sporting goods sales fell 0.5%.

President Trump signed the new tax plan on December 22nd, 2017, making it effective on January 1st, 2018. Most tax filers will receive a 1- 4% reduction in their taxes. Additionally, the standard deduction has nearly doubled with the personal exemption eliminated. Corporations also saw a tax break, with the corporate tax rate reduced from 35% to 21%. This resulted in many large corporations distributing one-time bonuses to employees during the holiday season.

In December, the Fed raised interest rates 25 basis points to 1.5% and we expect rates to be raised three to four times in 2018 as the economy continues expanding. U.S. GDP grew at an annualized rate of 2.6% in the fourth quarter, below growth expectations of 2.9%. We believe growth in GDP can be attributed to an increase in consumer spending, and will continue to be driven by tailwinds from the new tax plan.

The market appears strong according to macro-economic factors, with metrics like the Shiller P/E and Buffett Indicator portraying the market as overvalued. The Bowden Investment Group is actively seeking quality investment opportunities as earnings season continues into February.

*Sean Grune and Stephen Potter*



## Meet the Members: John Miller

John is from Brevard, NC and will graduate this May with a degree in Finance & Banking. During his time at Appalachian, John has been involved in organizations such as the International AIESEC Non-Profit, International Appalachian, and Sigma Nu.

Following graduation, John will be moving to Salt Lake City to work in the Controllers division at Goldman Sachs. Being a member of the Bowden Investment Group has been the highlight of his senior year. John's favorite part of BIG is constantly being challenged to learn and improve by Dr. Goff and Mr. Thompson. He believes BIG offers students an unparalleled experience of professional development and knowledge of the finance industry.



## January Returns

\* Indicates sold during month

<u>Ticker</u>	<u>Return</u>
PPA	7.57%
V	8.95%
FB	5.91%
FIS	8.79%
GOOGL	12.23%
IVV	5.69%
CMP*	0.90%
NVS	7.27%
AMZN	24.06%
NWL	-14.43%
VFH	5.71%
SYK	6.16%
IAT	7.63%
NTRI	-17.78%
TTEK	3.32%
MLM	3.23%

**Total BIF Value**  
\$158,655

## YTD Returns

BIF	5.20%
S&P 500	5.70%

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

