

Big Update: **January 2015**



# Bowden Investment Group

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**WALKER**  
COLLEGE OF BUSINESS

## ***Letter from the President:***

The Bowden Investment Group is excited about the upcoming semester and the many learning opportunities it will bring. We are currently reviewing modern portfolio theory and learning how to best balance risk and return for a portfolio.

We are focused on preparing sell presentations on stocks currently in the portfolio. This allows us to thoroughly analyze each stock in an effort to reevaluate the strength of the company and decide if it will continue to help to meet the goal of beating the S&P 500.

The CFA Team recently submitted their report on Hanesbrands, Inc. to the CFA Institute judges and will hear back in the coming weeks. I know they are excited to submit their work and hope to reap the rewards of the time and effort they've put into this project. The CFA Team would like to extend their gratitude to their mentor, Chris Pavese, for providing guidance and wisdom over the course of the project.

We appreciate your continued support of the Bowden Investment Group.

*-Stephen Boatman*

## ***Oil's plunge: Who won and who lost in the portfolio?***

In recent times, a day doesn't go by without the mention of oil's decline from its price apogee. The deep plunge from \$100 a barrel to \$45 certainly surprised the markets and caused some commodity traders to brush the dust off their tin foil hats. I can assure you there won't be any talk of an oil price conspiracy in the following text, but rather a brief discussion of one of the winners crowned and, of course, the subsequent losers.

### **One of the Winners:** Walmart (WMT)

Retailers were certainly one of the clear winners in oil's price decline. This drop yielded lower prices at the pump, which in turn fueled consumer spending. The stars must have been aligned for Walmart, as the timing couldn't have been more perfect: the holiday season. Customers, with more money in their wallets, were eager to buy products, which were conveniently being stocked and shipped at a lower cost. It's the perfect harmony, to the tune of a 16% six-month appreciation in stock value, which should be music to any Walmart shareholder's ears!

### **One of the Losers:** Chevron (CVX)

Energy producers with oil ties watched their bottom line get hit faster than a depression-era bank run. Unfortunately, that was the case for Chevron. Despite Chevron's diverse operations, oil production is still roughly 66% of their business, and the drop in oil prices has taken its toll. Chevron shares dropped over 20% in the last six months. In comparison, WTI crude lost over 50% of its value in that same period! The high note in this somber symphony is an opportunity to add to our position by purchasing more shares of a great company for a discount.

### **Going forward**

The oil producers are playing a game of chicken, a Mexican standoff of sorts, where each participant is waiting to see who makes the first move to cut production. For the average consumer, reaping the benefits of these low oil prices, I recommend you listen to The Cars and "let the good times roll" as long as you can.

*-Connor Kelly, Industry Analyst*

## Economic Outlook:

In the month of December, we saw positive news regarding jobs data. The United States added 252,000 jobs and unemployment dropped to 5.6%, which is a 0.2% change. Although most of these jobs were in construction and food service, not professional and business services, this is still indicative of an expanding United States economy.

As unemployment declines, we can expect to see an increase in consumer discretionary spending. This will be beneficial for several stocks in our portfolio, specifically Apple and Ford. Many large purchases, such as cars or laptops, were delayed after the financial crisis. As the economy recovers and consumer discretionary income increases, we should expect to see the sales of high cost items to significantly rise.

Regarding currency, the dollar is appreciating and approaching the value of the Euro. In July 2008, the Euro was equal to \$1.60, compared to the current exchange rate of \$1.13. Analysts believe that the Euro will equal the dollar by December 2015. However, we believe that if the dollar keeps appreciating at the current rate, we could see this happen even sooner. It's not likely that the appreciation of the dollar will affect European tourism, although it will have an effect on United States multinational firms. As the dollar appreciates relative to the Euro, multinational sales in Europe will have a less advantageous exchange rate, compared to five years ago.

-Patrick Fontaine, Economic Analyst

## Alumni Spotlight: Lee Denton



Lee Denton  
BIG Class: 2005 - 2006

After graduating from Appalachian in 2006, Lee began working at Vanguard, just outside Philadelphia. He worked with clients for one year, got married, and worked as Vanguard's senior reporting analyst for their international division for three and a half years. In 2011, he began law school at Wake Forest, where he served as the Editor-in-Chief of the *Wake Forest Law Review*. He is currently serving a two-year clerkship in the North Carolina Business Court, a court of limited jurisdiction that decides complex business matters. At the completion of his clerkship, he hopes to enter private practice in Winston-Salem, where he currently lives.

In his free time, Lee enjoys fly-fishing, working in the yard, and playing mandolin.

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

## January Returns

Ticker	Return
AAPL	6.14%
ABB	-9.50%
ARG	-2.21%
CSX	-8.09%
CVX	-8.60%
DHR	-3.89%
ESRX	-4.68%
F	-5.10%
FL	-5.37%
GOOG	1.54%
GOOGL	1.30%
HD	-0.52%
IJT	-1.80%
IVV	-2.90%
KKD	-1.37%
NVS	5.12%
RTN	-7.51%
SKT	6.47%
SSYS	-4.36%
SYK	-3.48%
VFH	-5.53%
VSI	-12.99%
WMT	-1.05%
<b>Total</b>	<b>-2.74%</b>
<b>S&amp;P</b>	<b>-3.00%</b>

**Total BIF Value**  
**\$119,404.72**

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

## Bowden Investment Fund Returns

	Bowden Investment Fund	S&P 500 Index
Since Inception	68.1%	80.8%