

Big Update: **March 2015**



# Bowden Investment Group

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

The Appalachian State CFA Team has continued to update their financial model and presentation in preparation for the Americas Regional CFA competition. This event will take place April 15-16 in Atlanta, GA, and the CFA Team is excited to participate and grateful for the support they have received.

March was a busy month, full of presentations, guest speakers, buying and selling stocks, and learning. We had the opportunity to hear some of our fellow CFA team members present sell recommendations for some of the portfolio holdings. We sold our entire position in VSI due to its poor growth expectations, weak financials, and lack of a competitive advantage. We also sold all of our position in ABB (which has been in the portfolio since 2009) due to its lack of growth over the past years and a weak outlook going forward.

We were fortunate to have Mr. Brad Fisher of WEDGE Capital Investment Management come and speak with us on March 25. He provided insight into fixed income, discussing what we might see in the future for interest rates, and how to properly react in an environment of rising or falling interest rates. Mr. Fisher also gave us excellent fatherly advice regarding our professional and personal lives and how we can grow into successful well-balanced individuals. Everyone in the group appreciated his visit and the wisdom he shared.

At the end of the month, we had a great Bowden alumni event at Dilworth Grille in Charlotte, NC. The CFA Team was able to show off their presentation and we were able to grow a little closer with those who paved the way for us and set the standard so high. While we were in Charlotte, we visited WEDGE Capital. We were able to learn from and speak with Brad Horstmann, Paul Vezolles, Orton Chen, John Flinn, and Wesley Stoltz. We also met with Wells Fargo Securities thanks to two previous BIG alumni, Robert Sholander and John Granzow, who are now working with Wells. We received an economic update as well as an inside look at the daily life of an options trader.

As the end of our senior year approaches, want to thank you again for all of your support and encouragement. We seek to honor your giving and continue to our hard work and dedication as we near graduation.

*-Stephen Boatman, President*



## Industry Performance & Outlook:

One of the most interesting and unique industries within the technology sector is the Information Technology Provider Industry. This industry provides consumers with content via the Internet, generally free of charge, while earning revenues from advertisements. Essentially, Google dominates this industry and is one of our larger holdings in the Bowden Investment Fund. While Google's market share has dropped by four percentage points, to approximately 75%, this figure is still very impressive. Some argue this loss in market share could potentially be a positive thing for the company as it shifts focus from any antitrust issues that could arise. Over the last year, Google has significantly trailed the S&P 500. That being said, I believe this is one of the safer companies we currently own. It's a unique situation when a company possesses over three-fourths of the market share in a particular industry. My recommendation for investors seeking a safer equity is to buy Google based on the premise that they are a market leader in an industry that is growing due to the increase in internet traffic.

-Nathan Birmingham, Industry Analyst

## Economic Outlook:

American investors are flocking to Europe, with \$3.9 billion dollars worth of European equities purchased in just the past week. Since the European stimulus started, European markets have surged, even lifting struggling countries, like Spain. The European stimulus plan will lead to a purchasing of 60 billion euros worth of European bonds. The goal is to restore inflation to just below 2%, and to lower borrowing costs for households and businesses. An effect of the stimulus is the devaluing of the Euro, which is making European companies look more attractive. As the Euro devalues, exports become cheaper and imports become more expensive. This means that European companies' products are now cheaper to sell than American companies' products, boosting European exports and company sales. The devaluing of the Euro might be good for European companies, but it is bad for American investors when translating their gains back to U.S. dollars. My recommendation is to invest in a Euro-hedged ETF, which will allow investors to reap the benefits of the European stock market surge, without losing profit to currency fluctuations.

The recent FOMC meeting caused a stir in the markets. Chairman Janet Yellen removed the term "patient" from the FED statements about raising rates, causing markets to surge. She stated that just because they removed the word 'patient' from the statement, it doesn't mean they are going to be impatient. Looking forward, I believe that rate hikes will begin in September instead of June. This will potentially cause the Dollar to appreciate further against the Euro.

-Patrick Fontaine, Economic Analyst

## March Returns

Ticker	Return
AAPL	-3.1%
ARG	-9.5%
CSX	-3.5%
CVX	-1.6%
DHR	-2.7%
ESRX	2.3%
F	-1.2%
FL	12.2%
GOOG	-1.9%
GOOGL	-1.4%
HBI	5.1%
IJT	1.9%
IVV	-2.1%
KKD	-8.47%
MU	1.6%
NVS	-3.7%
SKT	-0.8%
SYK	-2.6%
VEA	-1.7%
VFH	-0.1%
WMT	-2.0%
<b>Total</b>	<b>-1.0%</b>
<b>S&amp;P</b>	<b>-1.58%</b>

**Total BIF Value**  
**\$123,568.00**

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

## Alumni Spotlight: John Divine



John Divine  
BIG Class: 2010 - 2011

John Divine is a 2010-2011 alumnus of the Bowden Investment Group, where he served as the BIG Update Editor. After graduating from Appalachian in 2011, he worked briefly for Merrill Lynch and BB&T before entering financial media. He wrote happily for The Motley Fool for several years, then moved to InvestorPlace.com, where he currently serves as Assistant Editor.

He currently lives in Washington, D.C.

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

	Bowden Investment Fund	S&P 500 Index
<b>YTD Return</b>	0.6%	0.96%