

Big Update: **March 2016**



Bowden Investment Group

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WALKER
COLLEGE OF BUSINESS

Letter from the President

Even with two breaks, the Bowden Investment Group was extremely busy this March. The group sold all holdings of both Universal Forest Products (UFPI) and Halliburton (HAL).

The group was fortunate to have an opportunity to visit WEDGE Capital Management earlier this month, and we are grateful to everyone at WEDGE for insights into their organization and excellent career advice.

On the 24th, the group had the privilege of attending the events of the Harlan E. Boyle Distinguished CEO Lecture Series. We would like to thank Mr. David Carroll for the advice and opinions he shared with the group during the lecture breakfast and the main lecture. This year's CEO luncheon was extra special for us, because we had the pleasure of hearing from our own Mr. David Thompson, as the featured luncheon speaker. The group is thankful for the many opportunities we had during this day, and throughout the year.

Congratulations to Christian Bear, Nathan Wiles, and Eric Hasenkopf for their performance in the University of Georgia Stock Pitch Competition. Out of the 32 teams that entered they were selected as one of 12 teams that advanced to the finals, where they placed fourth. We are proud of them for taking the initiative to compete, as well as representing the university with distinction.

The CFA team has continued to prepare for the Americas Regional competition this month. The team gave their presentation at the Bowden alumni dinner in Charlotte and at the CEO Luncheon, to high praise. The team will compete at the Americas Regional competition in Chicago on April 13th, and hope to advance to and win the Global competition on the 14th.

Finally, we are looking forward to interviewing the applicants for next year's group and helping select candidates to continue the BIG standards of academic and professional excellence.

Thank you all for your continued support and interest in the Bowden Investment Group.

Sincerely,
Darrow Goff



Pictured from left to right: Eric Hasenkopf, Nathan Wiles, and Christian Bear



Economic Outlook

The U.S. Review

The United States economy has continued its modest pace of growth after finally bouncing back from January's economic lows. Revised GDP for the fourth quarter came in at a gain of 1.4%, higher than the previous revision of 1% showing that United States economic growth is present, but not robust. We believe that the US economy will continue to have slow growth. Current housing demand seems to be healthy, but supply has not been able to meet the demand as consumers continue to purchase homes even as prices increase. Job growth has been a bright spot for the economy with continued job creation holding the unemployment rate at 5%. We predict job creation will continue as the economy grows, but that wage pressures will continue to be slow to catch up with that growth.

Fed Talk

On March 16th, Janet Yellen reiterated that the FOMC will continue to keep benchmark rates at their current level of 25–50 basis points. This was widely expected throughout the market, but the committee lowered its estimates for growth across the board citing global economic risk factors. They also reduced their estimates for fed funds rate increases, which indicated that they are estimating only two rate increases this year instead of the previously estimated four. Looking forward, we believe there will be two or three rate increases this year, dependent on positive wage pressures and global economic data.

International View

In Europe, monetary policy has taken a shift towards the negative with the ECB introducing negative rates on overnight lending, as well as deposit rates, in an attempt to spur growth. This comes on the heels of a negative move for Japanese monetary policy where they too introduced negative rates, in February. We believe growth prospects for both Europe and Japan will continue at their current levels, as there are very few catalysts to spur growth. China has continued to slow with a sharp drop in exports in February and Chinese manufacturing PMI continues to hover just below 50. We have yet to see if Chinese monetary policy will ease further, but with the current economic climate, it seems likely that policymakers will need additional stimulus policies.

Dillon Hewitt-Castillo and MacGregor Shepard, Economic Analysts

Portfolio Allocations

In March, we underperformed by 0.60%, putting our YTD attribution at 0.59% below the S&P. Performance was driven by negative selection in both Industrials and Consumer Discretionary, failing to capture the upside the market experienced for both sectors in three weeks out of the month. Additional highlights include our decision to sell HAL; this cut our exposure to the energy sector. Strong performances from our additions to the portfolio within the past year have also reflected positively. Of the four we have added, three have returned over 8% and the top two have returned over 12%. Wrapping up the semester, we expect to have numerous buy presentations in the coming weeks; we are hoping that these additions will boost our performance.

Aaron Martschenko, Portfolio Analyst

March Returns

<u>Ticker</u>	<u>Return</u>
AAPL	12.72%
AMT	11.03%
CVS	6.75%
DHR	6.26%
ESRX	-2.40%
FL	3.20%
GOOG	6.76%
GOOGL	6.37%
HBI	-0.53%
IJT	6.74%
IVV	6.24%
JBLU	-4.00%
NVS	1.87%
ODFL	7.84%
RHS	3.40%
SYK	7.42%
VEA	6.72%
VFH	7.31%



Total	0.80%
S&P	1.40%

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

	Bowden Investment Fund	S&P 500 Index
YTD Return	0.76%	1.35%