

# BOWDEN INVESTMENT GROUP

## BIG UPDATE

MARCH 2019

### LETTER FROM THE PRESIDENT:

After a much-deserved spring break, the Bowden Investment Group had a great month of buy presentations, guest speakers and selecting the group for next year.

During March, we moved our class meetings to the Blue Ridge Energy Board Room in Peacock Hall to have a professional setting for our buy presentations. We have come to the time of year where we use the knowledge we have gained to make our impact on the Bowden Investment Fund by proposing equities we believe should be added. Throughout the year, we have been trimming and selling positions. We sold Raytheon, Albemarle and VFH (Vanguard Financials ETF). We bought GLD (a gold ETF), Corning and Constellation Brands. We also trimmed Visa.

We were fortunate to have Travis Meldau from Dimensional Fund Advisors visit and speak to us about his career, answer our questions and give advice for our careers. Brad Fisher from WEDGE Capital also came to our class meeting. He discussed fixed income and gave us advice as well. Thanks to both of them for making the time to visit with us. We learned a lot from them!

This month, we also concluded the application process for the next class of Bowden Investment Group members. After months of recruiting, we had 29 applicants, 21 interviews and we selected 12 members for the incoming class. It was difficult to choose from such a qualified applicant pool, and we look forward to having them sit in on our class meetings for the rest of the semester.

I would like to extend a huge thank you to all of the BIG supporters and alumni for all you do. It is unbelievable that this academic year and my class's Bowden experience is wrapping up soon. We would not have had such an incredible experience without you.

Best Regards,  
Alia Dahlan



### MARCH PERFORMANCE

Symbol	Return
AMZN	8.59%
ALB*	-7.10%
AYI	-7.77%
FB	3.25%
GLD	-1.84%
GLW	-3.27%
GOOGL	4.47%
NVDA	16.40%
RTN*	-3.47%
SBUX	5.81%
SCI	-2.44%
SO	4.00%
SHOP	9.24%
STZ	6.52%
SYK	5.06%
TCEHY	7.40%
V	5.45%
WM	3.15%
IAT	-7.95%
VFH*	-3.85%

BIF	2.08%
S&P 500	1.94%

\*Sold during the month

### YTD Performance

Benchmark	Return
BIF	15.88%
S&P 500	13.64%

AUM (3/29/19): \$162,691

### CHART OF THE MONTH: SPREADS AREN'T CONFIRMING NEAR-TERM RECESSION FEARS

High Yield Spreads Stabilize



## MARKETS IN A MONTH: BULLS, DON'T HOLD YOUR BREATH

*"Bull markets are born on pessimism, grow on skepticism, mature on optimism and die on euphoria."—John Templeton*

**W**hen you mess with the bull—you get the horns. Markets spent most of the month marching higher before stumbling as fears of slowing global growth gripped investors and sapped positive sentiment. The Dow Jones Industrial Average gained a modest 0.1% in March, while the S&P 500 and Nasdaq notched gains of 1.9% and 2.6%, respectively.

Dovish Fed policy has buoyed U.S. and emerging markets as the central bank signaled it's unlikely to raise interest rates at all in 2019. According to fed funds futures, traders are predicting a 50% chance of a rate cut at September's meeting. What's more, the Fed marked a slowdown in their balance sheet run-off and called an end to its selling of treasuries and mortgage-backed securities by October.

Money talks, but data screams: anemic manufacturing data surfaced throughout the month in Europe, China and Japan, with less pronounced declines in U.S. production gauges. Intensifying worries over disintegrating global growth caused a momentary inversion of the 10-year-to-3-month Treasury yield on March 22, and helped push 10-year bond yields down to 2.405% on March 29 from 2.717% at the beginning of the month.

Deal activity has been a highlight of the month with Lyft's roughly \$24 billion valuation on Nasdaq. Analysts will look to Lyft's IPO as a bellwether for not only Uber and the ride-hailing industry, but for long-held private tech firms like Pinterest and Slack who plan on debuting in the red (Lyft went public with \$911 million in losses). "We are seeing for the first time in a while investors backing lofty valuations on business models that are burning cash and have yet to prove to be profitable. But fears over sustainable economic growth are likely to cool down the IPO pipeline of overheated volumes and valuations of deals post 2019," says Joshua Lee, BIG analyst.

Chinese policymakers have been slashing taxes and incentivizing banks to lend to private business to arrest the slowdown in the world's second-largest economy. Shanghai's composite stock-market index rose 3.2% in March as the tech-heavy Shenzhen index bounced 8.1%. In Japan, where government bond yields remain negative thanks to ultra-easy Bank of Japan policy, the Nikkei 225 index shed 1.1%.

European markets continue to contend with rafts of tepid economic manufacturing data as Brexit uncertainty looms over EU businesses. "Even with Theresa May going to extreme lengths to facilitate a compromise, there is a high probability of a hard Brexit happening, which could mean significant negative consequences for Britain, and as an extension, the European economy," says Madeline Hamiter, BIG economist. The Stoxx Europe 600 index inched 1.8% higher for the month and is roughly in line with the S&P 500's YTD return.

In commodities, WTI and Brent oil are rebounding from precipitous drops in the fall; both are up 32.4% and 27.0% for the year, respectively. Gold prices trended 1.3% lower as the U.S. dollar rallied 6.1% against a basket of global currencies.

Global jitters surrounding decelerating growth may abate in the coming weeks or months if trade and economic data surprise to the upside and reignite 2019's stock-market rally. But with U.S.-China negotiations, Brexit and weakening global economic data showing little sign of retreating—bulls shouldn't hold their breath. ~ Neil Agnew

### Advisors:

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For more information visit the [BIG Website](#)

Walker College of Business  
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## SPRING CLEANING: THE BOWDEN PORTFOLIO GETS A SHAKE-UP

As the Bowden Investment Group entered into the spring semester, we were finally given the opportunity to add stocks to the portfolio. Only half of all buy presentations have been given, and we've already had some standout companies make their way into the fold.

One of those is Constellation Brands (STZ), a Fortune 500 company that is an international producer and marketer of beer, wine and spirits. We believe this company will add to our consumer staples sector and expose the fund to the alcoholic beverage market.

Another company that was recently added was Corning Inc. (GLW), an American multinational technology company that deals in specialty glass, ceramics and related materials. The BIG believes this company will give the BIF a backdoor play into 5G through their fiber optics network cables.

The most recent addition to the portfolio isn't a company, but an ETF. The SPDR Gold Trust (GLD) ETF was added so that we could hedge in case of market downturns or a possible recession.

Not only have we made some big buy decisions—but we also divested the portfolio of stocks we felt had reached their peak. In the past month, we have sold the Vanguard Financials ETF (VFH), Raytheon (RTN) and Albemarle Corporation (ALB). The Bowden Investment Group is confident in these recent decisions and their ability to help us outperform the S&P 500.



Constellation  
Brands



CORNING