

# BOWDEN INVESTMENT GROUP

## BIG UPDATE

OCTOBER 2018

### LETTER FROM THE PRESIDENT:

This month has been full of research, analysis, professional development, and other learning experiences for the Bowden Investment Group. After finishing the first part of our financial statement modeling, we wrote industry research reports to construct a case for investing in these stocks, added to our models with common-size statements, calculated financial ratios, and completed a DuPont analysis. We used these insights to determine if our forecasts were realistic compared to similar competitors.

We had our first sell presentation, which did not pass; however, we gained a lot of knowledge through the process. We had several discussions about ETFs we could invest in, stocks in the portfolio we could sell, and the dips we have seen in the stock market this month. The BIG also had the pleasure of hosting Mr. Ken Lewis, former CEO of Bank of America, who joined our October 17th meeting. We were also asked to assist in the hiring process for a new finance professor. Some members watched a presentation and then gave a tour to the candidate.

Several BIG members have applied for jobs, interviewed, and already received offers this semester. The shared experiences through BIG, countless hours working in the finance conference room, classes together, social events outside of school, and going through the job application process have brought us closer together. Dr. Goff, Mr. Thompson, Dr. Hadley, and Mr. Poole are providing stellar guidance and teaching this semester. We are thankful to our supporters, alumni, and friends of the Bowden Investment Group.

Sincerely,  
Alia Dahlan, President

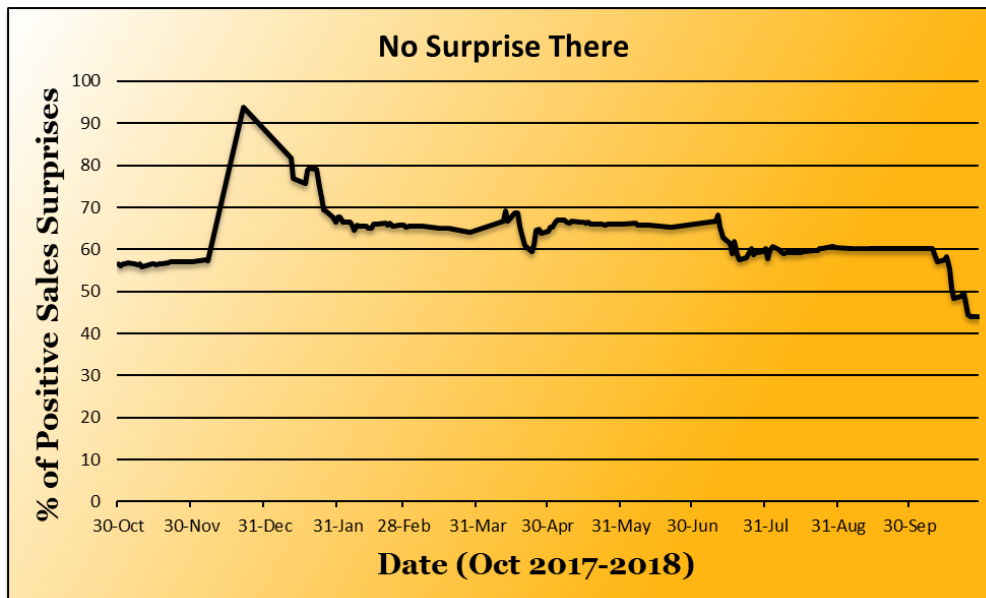


**Bowden Investment Group**

### OCTOBER PERFORMANCE

Symbol	Return
AMZN	-20.20%
ALB	-0.55%
FB	-7.69%
GOOGL	-9.70%
NTRI	-4.02%
NVDA	-25.00%
RTN	-15.30%
SBUX	2.52%
SCI	-6.20%
SO	3.28%
SHOP	-16.00%
SYK	-8.70%
TCEHY	-15.94%
THO	-16.80%
V	-8.16%
WM	-0.98%
IAT	-6.06%
VFH	-5.35%
BIF	-8.66%
S&P 500	-6.84%

### CHART OF THE MONTH: DID S&P SALES SURPRISES PEAK?



### YTD Performance

Benchmark	Return
BIF	-0.92%
S&P 500	3.01%
AUM (10/31/18):	\$148,417

## MARKETS IN A MONTH: GLOBAL GROWTH OUTLOOK DIMS

### Advisors:

Dr. Goff

Mr. Thompson

Dr. Hadley

Mr. Poole

### Investment Team:

Alia Dahlan, President

Paul Abney, Co-Vice President

Carson Walsh, Co-Vice President

Madeline Hamiter, Economist

Andrew Viditz-Ward, Economist

Cooper Haynes, Accountant

Jarrett Wood, Accountant

Josh Lee, Annual Report Editor

Alex Brea, Industry Analyst

Andrew Crumpler, Industry Analyst

### Newsletter Editors:

Amanda Kurland

Neil Agnew

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

Dr. Delbert Goff

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*“October: This is one of the peculiarly dangerous months to speculate in stocks. The others are July, January, September, April, November, May, June, December, August, and February”—Mark Twain*

**H**alloween came early this year as rising yields, concerns of a global growth slowdown and ratcheting trade tensions spooked investors from both equities and bonds throughout the month.

The market rout turned global selloff hit high-growth tech stocks the hardest—a sector of the market that has propelled indices higher throughout the year. However, sentiment is more cautious as leery investors are unloading risky assets amidst signs that high-flying U.S. growth may stall. The benchmark S&P index has erased most of its gains for the year, and was in danger of entering correction territory—a 10% drop from its recent peak.

Treasury yields haunted investors despite softened inflation data and a persistent Fed. Investors are assessing the continuing trade dispute between the U.S. and China, an economic sparring that’s unlikely to be resolved anytime soon. “Looking forward, we believe that neither government is close to a resolution, and in the meantime tariffs will continue to escalate,” said Madeline Hamiter, economic analyst at The Bowden Investment Group. In the past month, we’ve watched the yuan climb 0.0107 to 6.975 yuan for one U.S. dollar—a level not seen since 2008.

Asian indices suffered bruising losses for the month, with Hong Kong’s Hang Seng Index down 7.9%, and China’s tech-heavy Shenzhen composite and Shanghai composite sliding 11.1% and 7.2%, respectively. October’s stock market swoon hit Chinese equities particularly hard as worries surrounding cooling Chinese growth loomed large. The Korean Kospi shed 13.2% and Japan’s Nikkei slumped 9.7%, again, all in the past month.

In Europe, tensions boiled as the EU and Italy’s coalition government remained at loggerheads on the country’s federal budget deficit. The deficit of 2.4% of GDP submitted by Italy puts Italian Minister Giuseppe Conte in a bind as banking sector fragility mounts and campaign spending promises come into focus. “We see the EU rejection of Italy’s budget indicating a continuation of downward pressures on the Euro,” said Andrew Viditz-Ward, economic analyst at The Bowden Investment Group. Europe’s Stoxx 600 index notched a 5.5% loss for the period.

Commodity markets were battered, but gold continued to shine, edging 1.5% higher, with gold mining companies up 2.6% in October. Copper—a bellwether in financial markets—has receded nearly 4%. Brent crude is up 13% YTD despite sliding 12.5% in October. However, since the spring, traders have dialed back on long contracts for oil to 0.41M from 0.67M in April amid worries that Saudi Arabia will shore up Iran and Venezuela supply disruptions.

Investors are continuing to parse company third-quarter sales-and-earnings reports in hopes of holding on to a core support of the unprecedented market run. More than anything, October has shown that investors still have plenty to be frightened about despite booming corporate profits, a robust U.S. economy and a firm labor market underpinning equities. ~ Neil Agnew

Walker College of Business  
APPALACHIAN STATE UNIVERSITY

### BROYHILL FELLOWS: THE CFA RESEARCH TEAM

The Bowden Investment Group’s CFA research team, the Broyhill Fellows, is a group of five analysts selected to evaluate a chosen company and compete against other school-sponsored investment research teams.

Lending Tree, Inc. is the company our team will study. Lending Tree is an online matchmaker between borrowers and lenders with a commanding \$3.2 billion market capitalization. A few of our research analysts visited the company headquarters in Charlotte, NC, and asked the head of investor relations some preliminary questions to learn more about the company’s operations and competitive strategy.

Introducing the Broyhill Fellows: Andrew Crumpler (left) and Neil Agnew (right center) are modeling the financials for Lending Tree to project future earnings and assess financial health. Joshua Lee (left center), Madeline Hamiter (center) and Andrew Viditz-Ward (right) are researching the industry and significant company developments. All members will come to justify an investment decision: buy, sell or hold.



They will present their findings and arguments to a panel of CFA-qualified judges. The presentation will consist of a 5-10 minute pitch followed by 10 minutes of Q&A. Dr. Goff will serve as an advisor to the Broyhill Fellows and work with them to give guidance when needed. CFA teams will compete at a regional level, and if they succeed, they will advance to the America’s level followed by the final global stage in New York City.

The research team and Bowden members want to extend a BIG thanks to the Broyhill family for their continued generosity and support. We’re proud to represent the school and the Broyhill name as our ambitious analysts strive to take home the global title in the spring semester.