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[Money Masters]

THE MARKET BEATER FROM ATLANTA

Jay Bowen has established a stunning record by identifying long-term global trends and finding stocks that will benefit from them.

NOT ALL hotshot money managers are based on Wall Street and its suburban outposts. Take Bowen Hanes & Co., for example. Headquartered in Atlanta, far from the ticker tape of the NYSE, it has established a record that any hedgie in Greenwich would be proud of. For the past 33 years the firm has been the sole manager of the $1.5 billion Tampa pension fund for firefighters and police officers. And over that time, its equity portfolio has delivered a compound annual return of 16.8%, vs. 13.7% for the S&P 500 (through the end of 2006). A three-point advantage may not sound like much, but on a cumulative basis, it really adds up: The portfolio has returned 14,995%, vs. 4,262% for the S&P. President Jay Bowen III, 45, who started at the firm (founded by his father) in 1986, makes investments based on worldwide trends with big impact. Right now he is encouraged by the massive increase in demand for goods and services from the billions of new people entering the global marketplace. Bowen spoke with FORTUNE's Corey Hajim about the kinds of investments that have helped his firm beat the S&P 500.

The increase in global demand is one of your favorite themes. Which stocks will benefit from that?

One example is Australian commodity company **BHP Billiton (BHP, $51).** They are extremely well positioned to exploit what we think are going to be continual favorable demand trends over the next several years. They've got a comprehensive, broad-based commodity portfolio, producing virtually every commodity under the sun—crude oil, natural gas, iron ore, copper, and uranium. Unlike the surge in the late 1970s, which was motivated by fears of hyperinflation, this time we felt that it was going to be motivated by a global demand shock resulting from the spread of capitalism and growing demand in China and other emerging markets. Even with the stock up over 50% in the last year it still seems reasonable from an earnings standpoint, particularly if you can look out three to five years. To paraphrase Winston Churchill, we feel like we're not at the beginning of the end of the commodity cycle, but more at the end of the beginning.

Is there a smart investment play in the green space?

I am a skeptic about some environmental issues, but I'm also a realist. This is a very powerful trend that will continue and strengthen. **DuPont (DD, $52),** which I think is somewhat misunderstood and still thought of as a polluting commodity company, is very well positioned to exploit the increasingly powerful green revolution. They've got their traditional product portfolio, which is geared toward areas like electronics, communications, and safety and protection products like Kevlar, but they also possess a very interesting growth component, in both the agricultural and biotechnology areas, with a genetically modified seed company and products focused on improving energy efficiency.

DUPONT IS POSITIONED TO EXPLOIT THE GREEN REVOLUTION.

GLOBALIST Bowen likes what he sees happening in the world marketplace.

JUSTIN STEELE

What about in high tech?

Harris (HRS, $50) has the characteristics we like in a tech company—really strong niches and proprietary products that can't be easily commoditized. They are in the sweet spot in terms of the continued move toward the modernization of military communications. In the broadcast industry Harris holds a majority share of the U.S. market for digital TV transmitters. And a merger in their microwave division makes them a major player in the expansion of wireless communications and wireless broadband. From a valuation standpoint, Harris looks reasonably valued at about 16 times their '08 earnings. We think the company can grow their earnings in the 12% to 15% range consistently over the next five years, which means I think you've got a good shot at a double. F

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