

BIG UPDATE - January 2013



Bowden Investment Group

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Letter From the President

The Bowden Investment Group has returned from their winter break recharged and ready to take on a new semester. Currently, we are learning the best practices of portfolio composition strategies and intend to apply them to the Bowden Fund.

The Fund has taken its first new positions for 2013 based on the recommendations of our analysts. We liquidated our position in the Vanguard Total Stock Market Index (VTI) and have used the proceeds to open long positions in PetSmart (PETM), a mid-cap growth stock, and Smith & Wesson Holding Company (SWHC), a small-cap value

stock. We believe that both of these companies will exceed market expectations and provide excellent returns to our portfolio.

The CFA Research Team has worked hard over the holiday break compiling its analyst report on Family Dollar and will be submitting it to the CFA Institute of North Carolina for review soon. We are very excited about our work thus far, and look forward to representing Appalachian State.

We appreciate your continued support of the Bowden Investment Group.

Warm Regards,
Jack

Economic Outlook

January was a positive month for equities as the U.S. government avoided the fiscal cliff and finally sounds serious about addressing the debt ceiling. Although not all political and economic issues are finalized, the increased certainty provides companies enough confidence to increase CAPEX for the first time in five years. Positive industrial production numbers compounded the market's gains in January as manufacturing reports doubled consensus estimates, and capacity utilization showed rising rates. With Congress addressing concerns of fiscal policy, we

expect 2013 to be a positive year for U.S. economic growth.

Our longer term outlook is positive for U.S. equities as the market continues to receive inflows from the Federal Reserve's low yielding Treasury Bonds. We expect these inflows to come from frustrated investors fed up with low yields in bonds, money market accounts, or CD's. However, because the New Year's recent run-up and still relatively low consumer confidence there is a possibility of an early-February market correction. With the economy growing at 2%-3% we expect corporate earnings to expand giving investors the opportunity to secure capital

gains through these capital markets.

Economic sectors that stand to see significant expansion in 2013 are the housing and energy exploration sectors. New housing inventory reached a bottom in 2012 and will rebound during 2013. Although shadow inventory, underwater homes not currently on the market, may cause a more sluggish comeback for new home sales as they attempt to take advantage of expected rising prices. Through new oil field discoveries and older field rediscoveries, we expect the necessary oil and natural gas equipment and services sector to see very strong gains this year.

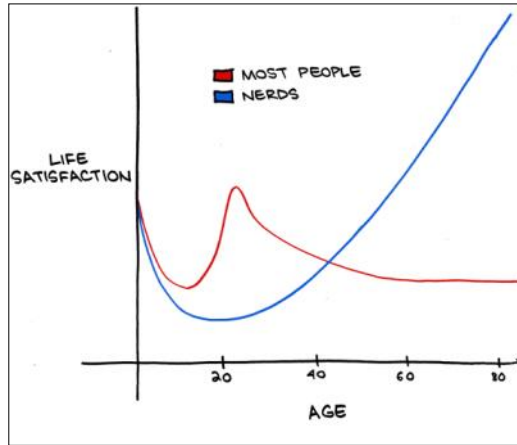
- Travis Ott

Nerd Alert

A changing of the guards is taking place. I'm alluding to the guards that serve to protect each kid who marches to the beat of his own drum—the nerds. Previously, nerds in popular culture were portrayed by characters such as Screech Powers from *Saved by the Bell* and Steve Urkel from *Family Matters*. Lately, that definition has evolved from those pocket-protector intellects to business-savvy entrepreneurs such as Mark Zuckerberg, Bill Gates, and Steve Jobs.

Now at the midpoint of membership in the Bowden Investment Group, I have discovered a commonality among the members—we all strive to emulate the successes of these new nerds. While the Bowden Investment Group takes place mainly in a classroom, it has become increasingly common for the group to spend time together outside of class. It

never fails that our conversations veer toward what's new in the markets or companies we follow.



At the beginning of class one day, Dr. Goff pulled up a humorous chart that compared the life satisfaction of nerds to that of ordinary people. Most members enjoyed a light chuckle. For me it was in that moment that everything came together. I have pushed myself to the limit throughout college without yet seeing the rewards. But that day helped

me realize that no matter how difficult it has been or will become, I will relish the opportunity and hardship knowing that patience and hard work payoff.

Like stock prices and portfolio balances, perceptions change over time and now the nerd stock is nearing a 52-week high. Being a nerd growing up had a negative stigma, preventing me from excelling in my studies. College has been different though; it provides a playground that rewards the studious and motivated. Maybe it's perception or maybe it's the college environment, but based on Alan Clarke's most recent burst of nerdy enthusiasm, "I can't wait to get out of college and open my 401K and start saving money." I believe it's a combination of the changing of the nerd guards and my impassioned peers.

- Rory Douglas

Fund Composition

- Apple (AAPL)
- ABB (ABB)
- Apache (APA)
- Buffalo Wild Wings (BWLD)
- Chipotle Mexican Grille (CMG)
- CSX (CSX)
- Danaher (DHR)
- PH Glatfelter (GLT)
- Google (GOOG)
- IBM (IBM)
- Intel (INTC)
- Novartis (NVS)
- Patterson-UTI Energy (PTEN)
- PetSmart (PETM)
- Stryker (SYK)
- Smith & Wesson (SWHC)
- Tupperware (TUP)
- Vanguard Energy ETF (VDE)
- Vanguard Financials ETF (VFH)
- Wal-Mart (WMT)
- Exxon Mobil (XOM)

Fund Performance

Beginning January Value	\$89,856.65
Ending January Value	\$90,641.56

Jan 2013 Returns	
Bowden	S&P 500 Index
4.9%	5.2%

Returns Since Inception	
Bowden	S&P 500 Index
28.4%	30.2%

Recent Fund Activity

Bought	Sold
SWHC	VTI
PETM	

"Be nice to nerds. Chances are you'll end up working for one." - Bill Gates