

# BIG UPDATE: FEBRUARY 2012



# Bowden Investment Group

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The month of February has continued to show positive economic elements. With the unemployment numbers still decreasing on a weekly basis and consumer confidence increasing close to the same levels as last year, it appears that people are beginning to have more faith that the economic recovery effort is underway. We could probably just compare the articles from January to March of 2011 to the last couple months of this year and they would sound about the same.

## Letter from the President

I am proud to report that the CFA Team won the North Carolina CFA Institute Research Challenge in February for the second time in Appalachian State history. Eric McTeir and Bill Strausbaugh developed a professional quality valuation model, David Jones provided invaluable industry research and analysis, and Daniel Favitta delivered company specific analysis and product information with regards to RF Micro Devices. The group has worked extremely hard to prepare an outstanding research presentation and the entire team performed exceptionally well during the presentation. We beat out graduate students from Elon University, North Carolina State University and University of North Carolina at Charlotte. At this point, the winners from each participating state will travel to New

York City to present at the Regional Challenge on April 9th.

We would like to send a special thank you to Dr. Goff and Mr. Chris Pavese for their coaching and leadership; we were by far the most prepared and well coached team at the presentation. We would also like to thank the 2009 CFA Team for starting the winning tradition, they set an example that we worked very hard to follow.

Thank you for your continuing support in The Bowden Investment Group.

Warm Regards,

*Ethan*

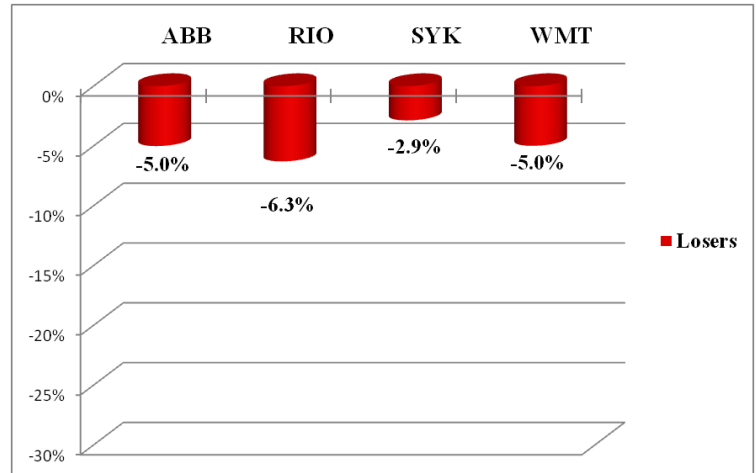
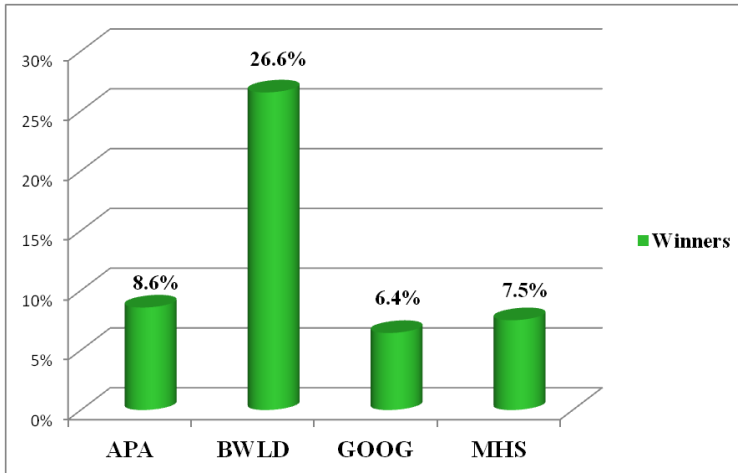
## Economic Outlook

We are just entering into the European recession and we still have a large amount of uncertainty looking forward as to whether this will be a mild recession or a deep recession. Oil prices are expected to rise much like they did in the beginning of 2011. This could hinder consumers' ability to spend on consumer discretionary goods. If oil prices increase substantially it is possible that the economic recovery may be hindered. With the S&P 500 and NASDAQ indexes rallying in the beginning of this year and the consumer confidence numbers suggesting individuals becoming more convinced of an economic recovery, there could be a strong correction in the main indexes. Toward the end of the month the market

seems to be renewed with fears of slowing global economic growth. China has recently just downgraded their economic growth forecast from 8% to 7.5%. This could revive the fears of China's economy slowing down. What will jump start global economic growth if not for emerging markets? With the largest emerging economy downgrading their growth, this could be the catalyst that may lead to a major correction in the stock indexes going into March.

Eric McTeir  
*Economic Analyst*

## February BIG Winners and Losers



## BIG News

### Microsoft:

The BIG *trimmed* its position in MSFT from 150 shares down to 89 shares due to:

- Lower expected spending on IT for businesses
- Poor results from entrance into smartphone market
- Profit taking from recent run-up in January

### Pepsico:

The BIG *liquidated* its position in Pepsico due to:

- Declining market share in beverage division
- Rising commodity prices will put downward pressure on margins with macroeconomic conditions preventing Pepsico from passing these costs off to customers
- Shifting focus away from emerging markets to domestic markets
- Poor management

### Aeropostale:

The BIG *liquidated* its position in ARO due to:

- Rising input costs from rising commodity prices and labor costs in china that constrain profit margins
- Fleeting trends in teen apparel are unpredictable
- Heavy reliance on few suppliers that are experiencing problems of their own

*Given the recent portfolio composition changes the BIG has over \$7,800 in cash to use for our buy recommendations this spring.*

## Fund Performance

YTD 2012 Returns	
Bowden	S&P 500
10.18%	8.99%

February 2012 Returns	
Bowden	S&P 500
3.80%	4.32%

Value of Fund at Beg. of February:	\$ 88,073.79
Value of Fund at End of February:	\$ 91,424.05
% Change:	3.80%

## BIG Portfolio Weightings Compared to S&P 500

	Bowden	S&P 500	Over/Under
Consumer Discretionary	17.5%	10.8%	<b>6.7%</b>
Consumer Staples	8.7%	10.8%	<b>-2.0%</b>
Energy	12.2%	12.3%	<b>-0.1%</b>
Financials	5.5%	14.2%	<b>-8.6%</b>
Health Care	12.6%	11.3%	<b>1.3%</b>
Industrial	11.2%	10.9%	<b>0.4%</b>
Information Technology	19.5%	20.1%	<b>-0.6%</b>
Materials	12.8%	3.6%	<b>9.2%</b>
Telecom Services	0.0%	2.7%	<b>-2.7%</b>
Utilities	0.0%	3.5%	<b>-3.5%</b>

*“You only find out who is swimming naked when the tide goes out.” - Warren Buffet -*