

Big Update: November 2013



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Letter from the President:

I hope that you all had a very happy Thanksgiving filled with food, family, and friends.

BIG members spent the month of November preparing our first stock analysis reports and presented our research and analyses to the Group in the first week of December. However, the highlight of the month was our guest speakers. I would like to thank Broyhill Asset Management's Chris Pavese, Duke MBA student (and soon-to-be JP Morgan analyst) Bixby Stewart, and BlackRock's Eric Evans and Adam Growley for sharing their wisdom with us. It's always special to learn from experienced financial professionals, and we feel more prepared to begin our careers thanks to their advice.

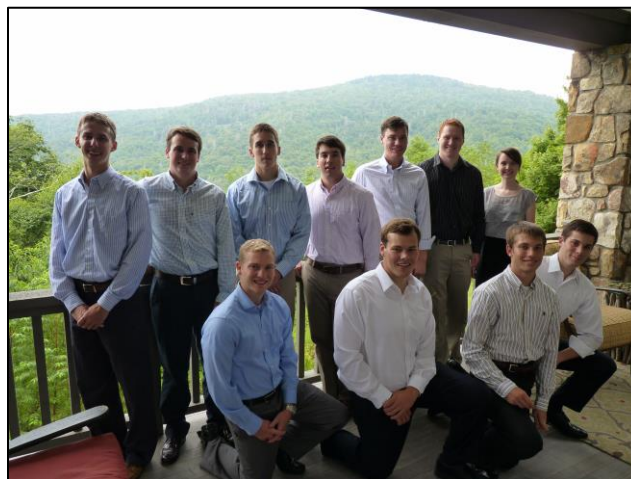
The world of finance gives individuals a tremendous opportunity to be prosperous and successful. This opportunity, however, also comes with a great deal of responsibility. This month I'd like to share with you an article from the November 29th issue of USA Today. The story is about a Seattle native named Jack MacDonald. To everyone but those who knew him best, Jack MacDonald seemed like any regular man. He took the bus daily, hunted for bargains, and at times even wore clothing that was tattered or torn. As it turns out, however, living this way was a choice for Mr. MacDonald rather than a necessity. Upon his passing at the age of 98, Jack MacDonald left to various charities a \$188,000,000 fortune, which he had accumulated over 60 years of investing. The primary beneficiary of Mr. MacDonald's charitable trust is the Seattle Children's Research Institute. They will receive "the largest gift ever earmarked for pediatric research." Other beneficiaries of Mr. MacDonald's investing acumen are the University of Washington School of Law and the Salvation Army.

As the holidays approach, please bear in mind Jack MacDonald's generosity and let us all use our time, money, and talents to serve those around us. This holiday season, the members of the BIG are proud to be providing Christmas presents for children in need through Angel Tree. Thank you all for your continued support of the Bowden Investment Group, and have a blessed holiday season.

-Jack Bishop

"The value of a man resides in what he gives and not in what he is capable of receiving."

-Albert Einstein



Standing from Left: Jason Capps, Drew Cook, Michael Page, Clark Featherstone, Sean Record, Cameron Newell, Madison Bigham
Kneeling from Left: Jack Brown, Jack Bishop, Zachary Lavasque, John Granzow

Economic Outlook:

The economy has continued to show signs of positive growth. This month Manufacturing PMI beat analysts' expectations and unemployment claims continued to fall. Both of these metrics suggest the US economy will begin picking up speed as we approach the end of the year. With wage and benefit growth almost non-existent within the US, we should see stronger corporate profits. This, in combination with low energy cost and rising wages in emerging markets, has set the stage for strong growth in US manufacturing and service industries.

On the other hand, Retail and Construction are not seeing the positive growth that could lead to overall economic improvements. The retail sector has seen wide disparities in projections for Q4. Much of this uncertainty is due to the holiday season. This year consumers and retailers deviated from the traditional holiday model centered around Black Friday as shoppers got online earlier to find deals traditionally reserved for the post-Thanksgiving Friday frenzy. This transition has led consensus estimates to fluctuate wildly. Construction spending has continued to struggle as private home building declines from its run up during the first part of the year. This decline and weak Q4 retail numbers will be a drag on the economy. In order to see improved GDP numbers and increased growth, the US needs strong retail numbers for the holiday season. Growth in retail would offset the drag of housing and would lead the way to a strong start for the US in 2014.

-Clark Featherstone

Industry Outlook - Consumer Discretionary:

All eyes are on consumer discretionary spending this holiday season. Despite improving economic conditions, consumers are not expected to buy unless they see big discounts on products. Another factor drastically affecting the industry is this year's shorter time between Thanksgiving and Christmas.

This has forced retailers to offer earlier and larger discounts to ensure substantial holiday profits. Wal-Mart, Target, and Kohl's have lowered their profit outlooks for the quarter and year-end. A growing stock market, the housing market coming back, and the job market improving usually lead to increased consumer spending. However, consumer confidence is at its lowest level since April. Retail sales were up 0.4% in October, which may lead to less discretionary spending for the holidays. The National Retail Federation expects retail sales to be up 3.9% for the last two months of the year, compared to 3.5% last year.



Although this growth is good, it is still not up to the 6% level prior to the recession. Changes in taxes and potential future health care costs are also on consumers' minds during this holiday shopping season.

Amazon has reported significant growth in their number of Amazon Prime members and, historically, Prime members spend twice as much as other Amazon shoppers. An increasing number of shoppers are expected to use the site this season to receive better deals and avoid in-store lines. Leading the pack of expected top sellers this holiday season are new tablets, smartphones, the new Xbox, and the new PlayStation.

I anticipate consumer discretionary spending to be stronger this holiday season than last year, even considering the caution consumers will be using in light of the economic concerns mentioned above. Consumers will be focused on shopping for value and big discounts, and timid to spend without those certain characteristics present. We will see even stronger growth in online sales, due to the growing popularity and functionality of online shopping. I believe it will be a few years before pre-recession levels are met, as the recent recession had a significant impact on consumer spending, behavior and attitude.

-Drew Cook

October Returns

Ticker	Return
AAPL	6.38%
ABB	0.31%
APA	3.03%
CSX	4.64%
DEO	0.06%
DHR	3.76%
ESRX	7.73%
GML	-4.64%
GOOG	2.81%
IBM	0.26%
KORS	5.98%
NVS	2.02%
PETM	1.87%
PTEN	-3.99%
SLYG	4.64%
SLYV	4.14%
SPY	2.96%
SYK	0.76%
TUP	1.89%
VHF	3.76%
WMT	5.55%
XOM	4.31%
Total Fund	3.01%

For an up-to-date view of the BIF, click [here](#).

Bowden Investment Fund

YTD Returns

	Bowden Investment Fund	S&P 500 Index
2013 YTD	27.30%	29.10%

Recent Fund Activity

Bought
Increased Holding in SPY

Sold
SWHC