Bowden Investment Group

BIG UPDATE NOVEMBER 3, 2009

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UPCOMING EVENTS

NOV 4
GUEST SPEAKER
CHRIS PAVESE
MANAGING DIRECTOR
BROYHILL ASSET MGMT.

Letter from the President

Although the markets were down 1.86% for the month, the Bowden Investment Fund continues to outperform the S&P 500 year to date. The economy is showing encouraging signs; however, there is still much uncertainty about the future. Nevertheless, the Bowden Group is optimistic and still searching for potential ten-baggers.

This past month, the Bowden Investment Group has studied advanced financial analysis concepts and methods through lectures, a guest speaker and reading assignments. Also, every member is currently conducting in-depth research and financial analysis of the company they think will strengthen the portfolio.

Apart from learning about financial analysis, the Bowden Investment Group starts every class meeting with a discussion of market news and a review of stocks currently held by the Bowden Investment Fund. Every Monday, our economic analysts report on the international and U.S. economic conditions and provide the group with their outlook. Once a month, our industry analysts prepare presentations about new developments in their assigned sector, as well as industries they are optimistic about.

All this information helps the group in the process of indentifying the weak spots of the portfolio that we can sell off in order to acquire securities with more upside. No transactions have been made so far this year, but the group is working hard to figure out the plan of action for the rest of the semester.

-Lev Kotliar

Natural Gas Industry

As with most industries, the natural gas industry has taken a hit during the recent economic downturn. Natural gas prices are currently around $4.78 per million Btu. S&P Net Advantage has predicted that prices will average around $3.82 per million Btu for 2009. While this marks a 7-year low, there is still a positive outlook for this industry.

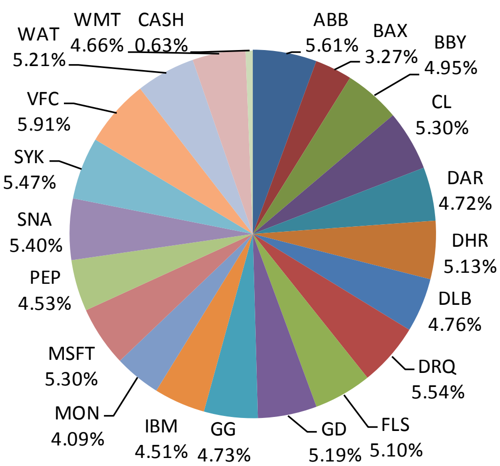
Historically, industrial output has decreased during recessions leading to diminishing demand for natural gas. Natural gas production has increased by about 2.3% year-to-date, despite the decrease in demand from consumers. As a result, inventories are 28% higher than the 5-year average and about 29.4% higher than a year earlier. This may be due to an increase in imports of liquid natural gas, which take up one-600th of the space of the gaseous form.

There are several main reasons for the natural gas industry having a positive outlook. Demand for natural gas is both cyclical and seasonal and it peaks during the colder months. The decrease in prices has made it more economical for companies to switch over to natural gas to produce power instead of crude oil, and in some cases even coal. The Obama administration has shown an interest in dramatically reducing industrial air emissions and with natural gas being one of the cleanest burning fuel alternatives, demand for natural gas should have a steep incline.

-Matt Smith

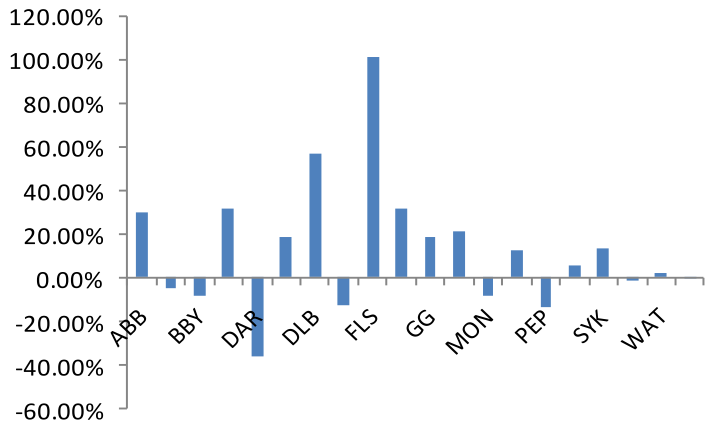
Portfolio Snapshot

STOCKS AS A PERCENTAGE OF PORTFOLIO VALUE



YTD RETURNS FOR 2009	
BOWDEN	S&P 500
19.4%	17.03%

STOCK RETURN SINCE PURCHASE



FUND HOLDINGS PLUS CASH		
BEG. MONTH MARKET VALUE	MONTH END MARKET VALUE	PERCENTAGE CHANGE
$66,701.01	$66,353.14	-0.52%

Domestic Outlook

The domestic economic outlook, much as it has been for several months, hinges upon consumer confidence and household consumption. In data released from September, the Consumer Confidence Index (CCI) dropped to 53.1 (1985 = 100) from Augusts' 54.5. In order to encourage consumption and investment spending, the Federal Reserve announced that it will keep interest rates low for an "extended period of time." At 9.8 percent, the unemployment rate will likely put downward pressure on inflation. However, if either Fed policy or governmental stimulus can spur consumption spending, inflation will be a very real threat to our recovery.

The biggest struggle that the Fed will have to deal with in the coming months or years is to decide when and to what degree to unwind stimulus and in-crease interest rates. If the increase is too large, it would hamper the progress of the economic recovery, and too small an increase in interest rates would not effectively curb inflation.

Gold and Stocks are both up over the past several months, indicating both fear as well as hope from investors.

-Andrew Turngren

STOCKS SELECTED FOR RESEARCH:

- CMG
- LTM
- LOW
- NFLX
- DTV
- TSCO
- SAM
- BIG
- DECK
- BWLD
- UNFI
- ARO

International Outlook

Late in 2009, the global economy has continued its trend of slow growth and recovery. This comes on the heels of lowered uncertainty and systematic risk as people and governments become more conservative and less willing to take large risks. This expansion in the global market is mainly fueled by the Asian economies. Other global economies are either in periods of stabilization or slight recovery.

One concern about the global economy is what will happen once many governments slow their stimulus packages and possibly begin to withdraw the additional support. If this occurs, we expect to see a slowdown and very likely a pull back in the growth. However, we do not believe that this stimulus will be withdrawn for some time.

A boost to the global markets is the recovery of commodities which we predict will continue to slowly gain ground. The main source of this growth comes from the expansion of credit in many countries. However, this is also a concern because many banks and lending institutions are still not lending the optimal amount. This will limit the amount of recovery and growth in many countries. The amount of available loans is expected to also slowly increase and fuel further economic recovery.

-Michael Angolia