Bowden Investment Group

BIG UPDATE NOVEMBER 4, 2010

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Letter from the President

During the month of October the S&P 500 continued the rally that began in early September by gaining 3.8%. The return for the Bowden Investment Fund underperformed the market over the same time period. There were numerous reasons for this. Sprint and Pepsi declined during the month as a result of earnings failing to meet expectations. Big Lots declined due to lower expectations for the coming quarter. The group also decided to sell one third of its position in Chipotle Mexican Grill before the earnings announcement. We believed that performance below expectations in earnings, revenues, margins, or any of a number of indicators would mean a sharp drop in the stock. I like to think that we were wrong, but for the right reasons.

Five members of the Bowden Investment Group elected to participate in the North Carolina CFA Global Investment Research Challenge. We will be researching and reporting on Cree, Inc. This month we will travel to their headquarters in Durham to meet with executives at a company presentation. Dr. Goff will serve as our faculty advisor and Ms. Kay Norwood, CFA will serve as the team mentor. We look forward to the opportunity to represent Appalachian State against MBA students from Duke, Chapel Hill, and Wake Forest.

In the coming month, group members will work on analyst reports for companies that they selected. Companies being analyzed are as diverse as a cemetery owner and operator to video game publisher. It is our hope that after substantial research, we will find that some of these companies are future investments for the Fund.

-David Emery
President

Economic Outlook

The American economy remained relatively flat during the month of October. Real GDP for the third quarter increased at an annual rate of 2.0%. This represents an improvement over the annualized increase of 1.7% in GDP growth during the second quarter. The Federal Reserve hopes to encourage further growth through a second round of quantitative easing (QE2), the details of which were released on Nov. 3. The Fed stated it will buy $600 billion of Treasury securities by the end of the second quarter in 2011, at a rate of $75 billion per month. This number eclipsed most market estimates of $500 billion. The rationale is that the additional liquidity should promote spending and GDP growth.

The rate of personal savings as a percent of disposable income was down from August to September, settling at 5.3%. With an average savings rate of roughly 2-3% over the last 10 years, this higher figure continues to fuel concerns regarding deflation. There is a strong positive correlation between inflation and GDP growth; in an effort to boost such growth, the Fed will most likely keep interest rates artificially low for the foreseeable future. They hope that this will also serve to increase consumer spending, and in turn, generate additional jobs.

Unemployment remained steady at 9.6%, or 14.8 million people. Job losses in the private sector have been partially offset by new temporary jobs created by government spending and President Obama's various public works projects. Short-term job growth in the private sector is largely dependent on consumer confidence and spending.

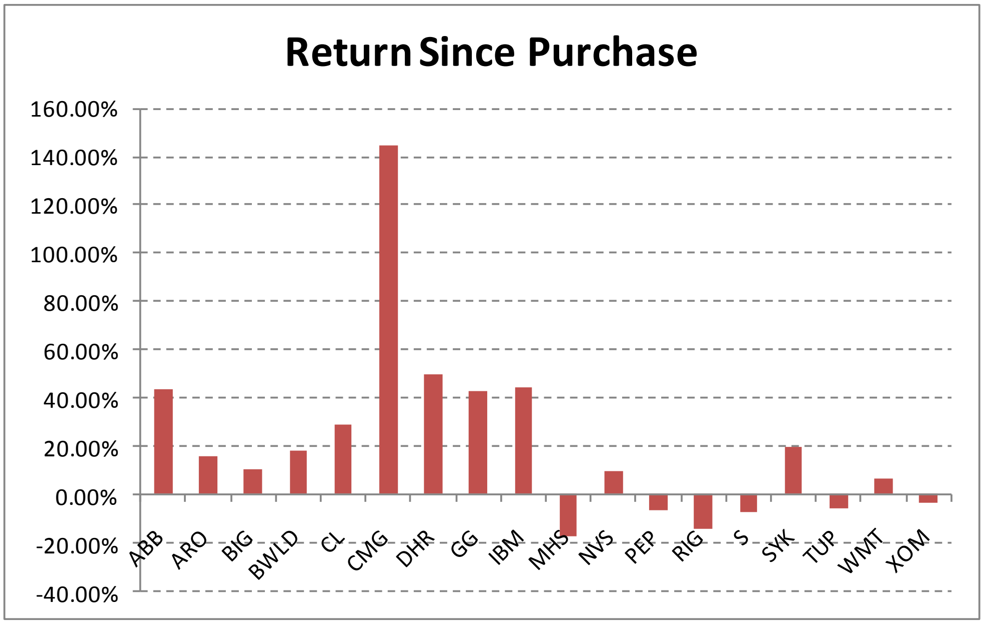
Moving forward, we see relatively consistent economic conditions in the short-term. Unemployment will most likely remain around 9.6%, and inflation will remain low for at least the next few months. It remains to be seen how QE2 will impact the economy, though we hope these actions will increase consumer sentiment, household spending, and provide a boost to the financial markets.

-Jacob Haas

Economic Analyst

Fund Composition

Through the end of October



Current Portfolio Beta: 0.888

Left: Rate of return for current holdings since their purchase

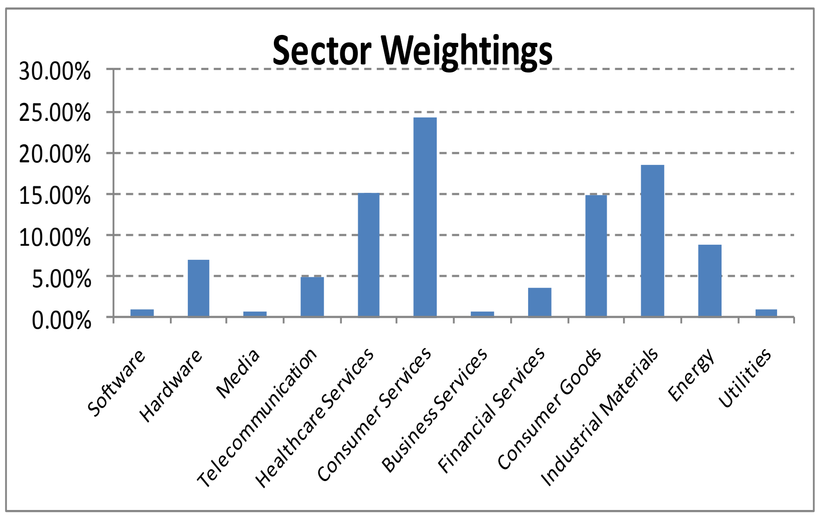
Did you know?

The balance of the Bowden Investment Fund at the end of October was $77,470.26, reflecting a cumulative return of 9.1% since inception. This was the highest end-of-month cumulative return in over two years, since August 2008.

October 2010 Returns	
Bowden	S&P 500
2.22%	3.80%

YTD Returns for 2010	
Bowden	S&P 500
8.12%	7.84%

Right: A representation of how we are currently invested throughout various sectors.



Stock In Focus: First Solar (NASDAQ GS: FSLR)

What do you see in First Solar that indicates it has potential to outperform the market?

I hadn't heard of First Solar until it came up on a stock screen I was running. I was immediately attracted to it because of its impressive earnings per share and moderate P/E, and also because it is part of an intriguing industry. It is the largest solar module manufacturing company and it is also the industry's cost leader, which is extremely positive in an industry that must survive on subsidies until it can achieve price parity with mainstream sources of energy. First Solar is a young company that is continously building its supply capabilities and, when combined with its cost advantage, this will allow it to continue to gain market share and increase revenues.

Jesse Whitaker

Accountant

STOCKS SELECTED FOR FALL RESEARCH

ADM
ATVI
CHD
FSLR
GLT
GOOG
LANC
STON
UA

Quote of the month: "A second reason why science cannot replace judgment is the behavior of financial markets." -Martin Feldstein