

# BIG UPDATE: OCTOBER 2011



# Bowden Investment Group

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There has been mixed news in the United States and world economies over the past month. The U.S. private sector created 110,000 jobs in October, slightly above an estimate of 101,000. While this is encouraging, it will not put much of a dent into the 9.1% unemployment rate the country is currently facing. The Federal Open Market Committee held a two day meeting at the beginning of November. After the meeting they did not introduce any new easing measures, but said that they want to keep interest

## Letter from the President

Heading into the fourth quarter of 2011 the Bowden Fund is well positioned considering large scale macroeconomic uncertainty. Currently we are avoiding the financial sector, limiting our exposure to consumer discretionary firms and holding defensive blue chip stocks including Wal-Mart, Microsoft, IBM and Exxon Mobil. Additionally, our group is well positioned for emerging markets growth in Asia and Latin America with holdings in firms such as Rio Tinto, Transocean, Tupperware and Pepsi.

Due largely in part to

our defensive positioning, the fund appreciated 10.59% in October, but fell short of its benchmark by about 34 basis points. With that said, we have outperformed the S&P 500 nearly two to one year to date.

The BIG members participating in the CFA Challenge have been preparing constantly. The CFA Challenge will be based on research and analysis of RF Micro Systems, a Greensboro based producer of a variety of semiconductors and wireless communication solutions for the world's leading mobile devices. The CFA team has begun the analysis process and

will visit RF Micro Systems' headquarters this month for Investor Relations Day in an effort to better understand the firm's production and management process.

Thank you for your interest and support of the Bowden Investment Group. We are working diligently to maintain the legacy of excellence established by our advisors and former Bowden members.

Ethan Foster  
*President*

## Economic Outlook

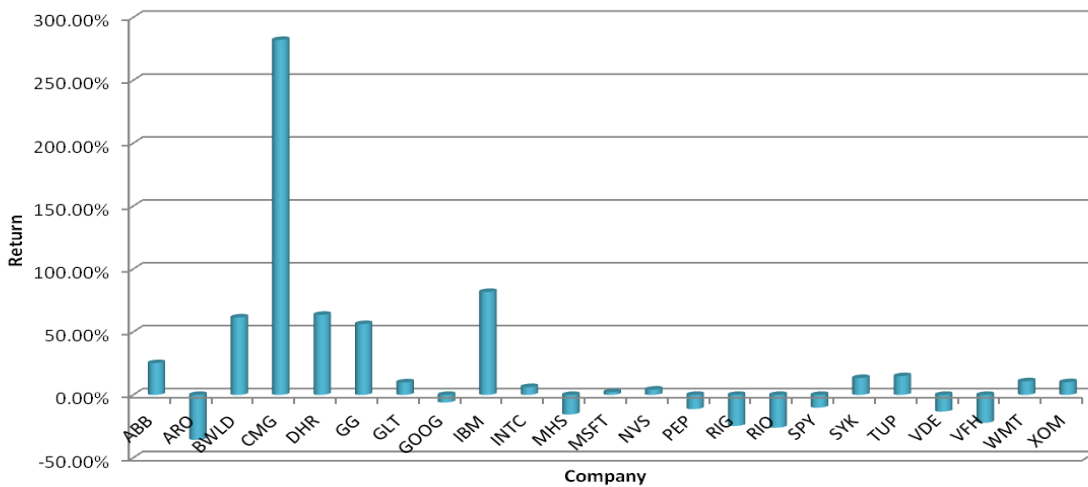
rates low. The Federal Reserve Chairman, Ben Bernanke, says that inflation is not an issue, citing historic inflation rates of 2% over the last 5 years. The Fed expects inflation for 2011 to end between 2.7 and 2.9%, with inflation rising by 1.4 to 2.0% in 2012. This comes after GDP rose by an annual rate of 2.5% in the third quarter. This is positive, but hardly makes up for the first two quarters' poor numbers.

While the Fed did not introduce any new policy measures for this year, there is the chance of a third round of Quantitative Easing in 2012, likely the purchase of mortgage-backed securities in an effort to keep mortgage rates low. This will allow more people to purchase homes or refinance their current homes and pay them off. While the Fed is confident in a rebound in the U.S. economy, they are still

wary that the crisis in Europe could impact our economy. Greece Prime Minister, George Papandreou, is putting the proposed €130 billion Greek bailout to a referendum. While he is confident that it will pass, many other European leaders are less confident. This bailout includes Greek debt selling at a 50% discount. However, if the referendum does not pass, Greece would be in danger of defaulting on their debt and no longer using the Euro as their primary currency. While this may help them in the long run, the short term effects would be adverse for all of Europe and the rest of the world.

David Jones  
*Economic Analyst*

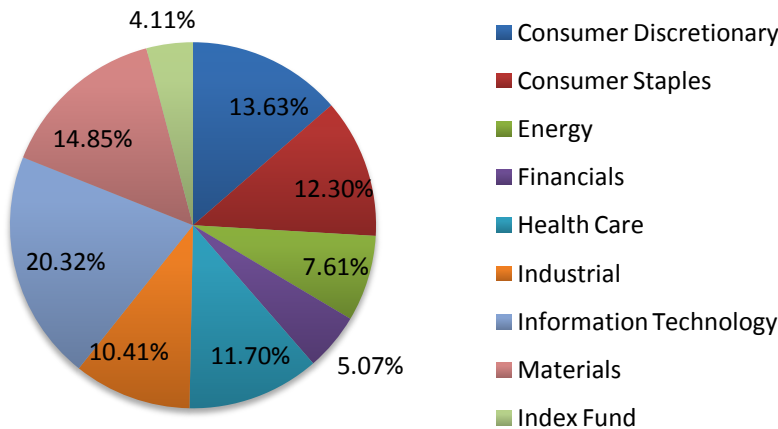
# Return Since Purchase



*“The problem with learning from experience is that you always get the test before the lesson.”*

- Alfred E. Neuman -

## How Are We Positioned? Percent of Portfolio



## Fund Performance

October 2011 Returns		YTD 2011 Returns	
Bowden	S&P 500	Bowden	S&P 500
10.60%	10.93%	3.06%	1.72%

Value of Fund at Beg. of October:	\$ 75,140.84
Value of Fund at End of October:	\$ 83,103.22
% Change	10.60%

Bowden Investment Group Members are well underway in our company analysis for the fall semester of 2011. We have conducted a company-specific analysis, analyzed our company's industry, conducted an in-depth financial statement analysis, and are currently working on valuation. Later in the semester we will write our final recommendation report, ultimately deciding whether or not to add any new holdings to the portfolio.

This semester our recommendation can be a buy or a sell. But come spring semester we are required to bring only buy recommendations to the table.

### BIG Company Analysis for Fall 2011

BIG Member	Company	Ticker
Alex Burchins	Staples, Inc.	SPLS
Daniel Favitta	HHGregg, Inc.	HGG
Jacob Finkbiner	P.F. Chang's China Bistro, Inc.	PFCB
Ethan Foster	Coach, Inc.	COH
Charlie Hinkle	Boeing Co.	BA
David Jones	Eaton Corp.	ETN
Evan Jones	Jos. A. Bank Clothiers, Inc.	JOSB
Ross Karcher	G-III Apparel Group, Ltd.	GIII
Eric McTeir	Expedia, Inc.	EXPE
Happy Stewart	Apache Corp.	APA
Bill Strausbaugh	McDonald's Corp.	MCD
Trevor Wall	FedEx Corp.	FDX