

Big Update: September 2013



Bowden Investment Group

Faculty Advisors

Dr. Delbert Goff
Mr. David Thompson, CFA

President

Jack Bishop

Vice President

Jason Capps

Accountant

Zachary Lavasque

Update Editor

Madison Bigham

Annual Report Editor

Sean Record

Economic Analysts

Clark Featherstone

John Granzow

Industry Analysts

Jack Brown

Drew Cook

Cameron Newell

Michael Page

For information about the Bowden Investment Group, please contact:

Dr. Delbert Goff
Raley Room 3066
Goffdc@appstate.edu
(828) 262-6188

For more information on this update, please contact:

Madison Bigham
Bighammg@appstate.edu



Letter from the President:

There's a lot to discuss when it comes to the BIG. We began the fall semester with a trip to New York, the sale of two stocks from the fund, CFA team selection and officer elections. However, I'd like to start by thanking each of you on behalf of all of the members of the Bowden Investment Group. The BIG allows us the valuable experience of learning through doing, an opportunity that is only available because of your support. I'd also like to send a special thanks to the alumni of the BIG. It's because of your hard work that the fund is still in existence and is currently worth more than \$100,000.

As we took the reins and began managing the fund, we had individual presentations on stocks held within the portfolio. Four of our members proposed "sells" on stocks, and the BIG members cast affirming votes to sell two companies from our portfolio: CAT and INTC.

The highlight of the semester thus far was our recent trip to New York. BIG got an inside view of the financial industry during our visits with Tiger Management, Cornerstone Macro, Bienville Capital Management, Bloomberg, ISI, BlackRock, and the New York Stock Exchange. The insights and knowledge that the members of the BIG gained on the trip were invaluable, and we would like to thank everyone involved with making the trip possible.

Officer elections were held on our return and the group selected a member for each position by matching the strengths of the candidates to the requirements of the job. I believe each member selected will thrive in their respective positions. The CFA Research Team was also appointed: Zachary Lavasque, Cameron Newell, Clark Featherstone, Madison Bigham, and me (Jack Bishop). Our goal is to further the legacy of the Appalachian State teams of the past by making it to the North American Regionals in Denver, CO. The CFA team will be examining Krispy Kreme Doughnuts (KKD) this year, and it's our hope is that our research is as tasty as it is challenging.

Once again I want to thank each of you for your continued support of the Bowden Investment Group.

-Jack Bishop

"If you're prepared to invest in a company, then you ought to be able to explain why in simple language that a fifth grader could understand, and quickly enough so the fifth grader won't get bored." -Peter Lynch



Top Row Starting Left: Jack Bishop, Jason Capps, Sean Record, John Granzow, Cameron Newell
Bottom Row Starting Left: Madison Bigham, Drew Cook, Michael Page, Jack Brown, Zachary Lavasque, Clark Featherstone

New York City Trip:

In the first week of October, the Bowden Investment Group had the opportunity to travel to New York to meet with a variety of financial firms. Our first meeting on arriving in New York was with Alex Robertson of Tiger Management. Mr. Robertson talked with us about his hedge fund and spoke about the importance of a competitive attitude and a healthy work-life balance. We then met back at the Loft for an alumni reception. The reception was a great success and meeting with the local Appalachian graduates gave us a firsthand look at what it's like to live in The Big Apple.

Thursday Morning the group met with a variety of industry and economic analysts at both Cornerstone Macro and then Bienville Capital. The meetings were informative and helped the group gain a better perspective on the effects the U.S. could face with the government shutdown and the debt crisis. We also heard and discussed professional outlooks on emerging markets and the global economy. To cap off a great day the group met with Bloomberg L.P. to talk about their corporate culture and to get a tour of the company that is so useful in our stock analyses.

On Friday morning the group got an early start with International Strategy and Investment (ISI). The meeting was an inspiration for effective communication and we all gained a lot from witnessing the group dynamics at this firm. After ISI, we went to Blackrock where we met some members of the sales team and discussed iShares ETF and large cap stocks. Our visit was capped off by a trip to floor of the New York Stock Exchange right before the close on Friday and then a day of sightseeing on Saturday.

This trip was a great experience. We came together as a team and got a chance to know one another on a much closer level as well as gaining valuable knowledge of the Finance industry.

-Jason Capps

Economic Outlook:

As the third quarter concludes, there is much to be said regarding Ben Bernanke and the Fed...surprise, surprise. Ever since Bernanke's spooking of the markets after the May and June FOMC meetings, investors across the globe have focused on any positive economic data that would justify a tapering of the \$85bn per month bond purchasing. Analysts and economists pointed toward September as the most logical time to begin such an act, and markets saw price depreciations in preparation. However, on September 18th, Bernanke and the Fed maintained their current position, and held off on any form of tapering. As a result, all three major U.S. indices shot to record highs and there was a large rally in the US 10-year Treasury. The market's reaction to this continued stimulus points to another issue that has been the subject of much speculation: the next Fed Chairman.

On October 9th, President Obama announced the appointment of Janet Yellen as the next Chairman of the Fed. We believe this was an excellent strategic move, adding additional stability to the markets as we move into the debt ceiling debate. Based on Yellen's history of supporting the Fed's current monetary policy and her stronger focus on employment numbers, we feel the markets will continue to react positively in the coming weeks. Looking forward, we see her appointment as the catalyst to move the U.S. markets away from the political uncertainty we have seen in the beginning of the fourth quarter. Without the fear of an unexpected change in the Fed's policy and default, the U.S. markets should continue their bullish run into the first half of 2014.

In spite of a current government shutdown and a looming debt-ceiling crisis, our fourth quarter outlook for the U.S. economy continues to be bullish for three main reasons. First, the issues facing Congress and the Federal Government will be solved before the debt-ceiling limit is reached on October 17th. Increased pressure from politicians' constituencies as well as the President who stressed the economic regression that would ensue, will ultimately force Congress to compromise in the very near future. Second, global economies, in particular the UK, are continuing their positive growth trends. The UK saw unemployment rates drop to 7.7% in July; the lowest level since the end of last year. Lastly, U.S. manufacturing has seen an increase in the second half of the year as evidenced by the decrease in trade deficits. Manufacturing charts show the U.S. PMI and employment within the industry up 0.5% and 2.1% respectively. Looking forward, we are very bullish on manufacturing being a strong component of U.S. GDP.

- Clark Featherstone & John Granzow

September Returns

| Ticker | Return |
|-------------------|--------------|
| AAPL | -3.45% |
| ABB | 9.21% |
| APA | -1.57% |
| CSX | 3.29% |
| DEO | 2.81% |
| DHR | 4.82% |
| ESRX | -4.16% |
| FDO | 0.46% |
| GML | 7.81% |
| GOOG | 2.52% |
| IBM | 0.84% |
| KORS | -0.24% |
| NOV | 1.72% |
| PETM | 7.36% |
| PTEN | 8.09% |
| SWHC | -0.72% |
| SYK | -0.06% |
| TUP | 5.69% |
| VHF | 1.47% |
| WMT | 0.65% |
| XOM | -1.89% |
| Total Fund | 3.31% |

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 | 18.42% | 19.81% |

Recent Fund Activity

Bought

N/A

Sold

CAT

INTL