Letter From the President

We are very excited to announce that the Appalachian State CFA Team has won the North Carolina CFA Institute Research Challenge. This is the third victory in five years and the second consecutive year. The team worked tirelessly over the holiday season and the first half of the spring semester to produce the highest quality analyst report on Family Dollar, Inc. The CFA team was then able to finish off the competition with a great presentation.

Appalachian's CFA Team defeated the University of North Carolina at Charlotte, Elon University, as well as North Carolina State University in the final round to secure its back-to-back state level championship. Congratulations to Alan Clarke, Dan Alliss, Ellen Morgan, and Mathew Vanek for your hard work and dedication.

The CFA Team will now move on to compete at the Americas Regional Finals in Toronto. A special thanks to Dr. Goff and Mr. Chris Pavesi for mentoring the team towards a focused win. We are proud to carry on the winning tradition at Appalachian State.

Thank you all for your continued interest and support towards the Bowden Investment Group.

Warm Regards,

Jack Gibbs

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We project unemployment will fall to 7.75% for February as a result of increased hiring and a better economic outlook by both small and large businesses. The SEC’s drafting of the JOBS Act also has potential to bolster the economy by allowing startup firms greater access to private funding. The U.S. government’s deficit growth has slowed in recent months due to increased tax receipts and decreased government spending during the fourth quarter. Government spending growth is expected to slow in the coming months due to enactment of automatic spending cuts or party negotiation. The former is more likely to occur. Overall, consumers and businesses are expected to see stronger growth during March.

While the outlook in the U.S. is improving, the global economy is feeling more strongly divided on the path toward recovery. In Asia, we are seeing two of the worlds biggest economies continue to fight for positive economic growth. China is making great efforts to boost domestic demand through supporting a stronger middle class. Japan’s new government is making headlines with their relentless quantitative easing, as they attempt to devalue the yen in exchange for increased exports. While many expected the G-20 summit in Moscow to put an end to the yen’s devaluation, it seems as if Japan will be free to continue easing as long as they are not directly targeting a specified exchange rate. With that being said, we expect the ECB to announce measures next month that will most likely weaken the Euro in hopes of spurring more growth in a struggling Europe. Between political turmoil in Italy and Spain, declining domestic demand due to continued high unemployment, and terribly high debt levels, we expect the Euro-zone to experience a much slower recovery than the United States and Asia.

~ Travis Ott & Julia Spring
“I probably would have more of an appetite for risk, if it wasn’t for everything I’ve seen happen; now I’m pretty risk adverse,” said a friend as he commented about the recession. At that moment I realized I wasn’t the only one whose outlook has been altered by the Great Recession. The recession has impacted everyone. However, the coming-of-age aspect during the recession and riding the rollercoaster of recovery has permanently altered my behavior and values. Stories of pension plans vanishing, of friends unable to find a job after graduation, along with watching the S&P 500 drop to 1070, how can I not think differently about investing, buying a home or taking on debt? I’ve been surprised to discover that I’m not alone and that peers who I assumed were less risk adverse have admitted the recession has impacted their appetite for risk as well.

This assessment of my peer group is accurate according to White Hutchinson Leisure & Learning Group, which published a report titled, “The Great Recession.” The report focuses on those who were age 18-25 during the recession (the Recession Generation).

My generation will most likely experience the most profound and long-term effects of the recession. Studies of the Great Depression (1929-1940’s) show that the timing of a devastatingly difficult financial year during young adulthood can alter one’s values and behaviors for life. These behavioral changes are predicted to affect the Recession Generation is more likely to value non-material things, such as social and relational well being, above material value. And secondly, we are more inclined to purchase or participate for a cause, such as buying fair trade coffee or a pair of TOMS shoes.

Looking forward, what does this mean for the Recession Generation? My hope is that we will become as humble and wise as those generations which came before. And what about that risk averse appetite? I see this as a positive disposition to plan well, save early, and learn to be creative and innovative with my investment risks. After all, reaching adulthood in a time of economic restructuring and recovery presents lots of opportunity.

~ Ellen Morgan