April was a busy and bittersweet month for the Bowden Investment Group. We made our final portfolio decisions for the academic year and the portfolio will stand in its current form until the new members take over management in the fall. I think I speak for the entire group when I say that we are very confident with our final positions.

During the month we sold our full position in Cree, Inc. after another disappointing quarter and further poor management guidance. We decided that our money would be better invested elsewhere going forward. We also sold a few shares Chipotle Mexican Grill in order to reduce our weighting in both the company and the sector. With the available money, we decided to purchase shares of Intel and Microsoft. Both of these companies have strong prospects in still-growing markets. The portfolio now reflects our bullish stance on high quality US stocks. Due to sector fund purchases, our weightings in each sector now largely match the S&P 500, our benchmark.

The Bowden Investment Group has been the most rewarding experience of my college career. The members of the group would like to thank the supporters of this program, whose contributions make this opportunity possible for students each year. We would also like to thank Dr. Goff and Mr. David Thomp-son for their invaluable instruction and guidance throughout the year.

David Emery
President

Economic Outlook

Many recent indicators have shown continued improvement and resilience in both the equity markets and economy. We’ve seen improvement over months past with metrics measuring employment, crude inventories and overall confidence; revised GDP recently confirmed this economic growth. Has this recent trend continued and, more importantly, will it continue, and for how long?

Construction spending (released in April reflecting the data for March), showed a relatively robust improvement, rising 1.4% in the month, compared to a 2.4% decrease in the month of February. This, along with the rise of new home sales in March to 300K, shows great improvement for building and infrastructure spending in the United States. April’s release of existing home sales data climbed to 5.1% from the previous month’s .7%. While this is a great improvement, existing home sales also include some outliers such as short sales, and undervalued sales due to necessity selling. Still, for many analysts improvement is in the air and is expected to continue—at least in the short term—even though some indicators remained relatively flat such as personal spending, continued and new unemployment claims, and consumer confidence.

Oil and gas prices are on everyone’s mind as prices started to hit levels we haven’t seen since the summer of 2008. Crude inventories actually fell the last week of April, indicating heavier use even though prices are as high as they are, though this can also be due to seasonal and holiday factors—in this case Easter and spring traveling.

As summer approaches fast, the markets will continue to watch for future metrics with heavy interest. Japan is showing better signs of recovery, and the Nikkei’s climb is proof of this. Inflation is steadily ticking upward, and turmoil in the Middle East, along with fuel demand, may continue to affect spending and traveling. While continued improvement is expected, our relatively resilient equity markets will have to wait and see what the larger economy holds in store for the months to come.

Christopher Wexler
Economic Analyst

David Emery
President
Fund Returns
(Through the end of April)

**YTD 2011 Returns**

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<thead>
<tr>
<th></th>
<th>Bowden</th>
<th>S&amp;P 500</th>
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</thead>
<tbody>
<tr>
<td>Returns</td>
<td>11.4%</td>
<td>9.1%</td>
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</table>

**April 2011 Returns**

<table>
<thead>
<tr>
<th></th>
<th>Bowden</th>
<th>S&amp;P 500</th>
</tr>
</thead>
<tbody>
<tr>
<td>Returns</td>
<td>3.54%</td>
<td>2.96%</td>
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**Did you know?**

In the 8 full months (September 2010—April 2011) the current Bowden members have overseen the fund, the BIF has beaten its benchmark, though by a slim margin. In that time period, the returns were as follows:

- S&P 500 September 2010 open: 1049.72
- S&P 500 April 2011 close: 1363.61
- **S&P 500 return: +29.90%**
- BIF September 2010 opening balance: $68,975.09
- BIF April 2011 closing balance: $89,810.79
- **BIF return: +30.02%**

**Stock In Focus: Microsoft Corp. (NASDAQ GS:MSFT)**

Heading into the summer months, the group decided to make a few changes to the portfolio. Unfortunately, our investment in CREE a few months ago was followed by a series of downward earnings guidances by management, in what had become a disturbing trend. The group decided that Microsoft (MSFT) was a better place to invest moving forward.

Microsoft’s valuation was key in our investment decision. Trading at a forward P/E of less than 10 and boasting a 2.5% dividend yield, we see the stock as attractively valued for gain. The rapid growth in sales of the gaming system Kinect was so explosive that it became the fastest selling electronic product in history, moving 8 million units in the first two months after its release. We also see the recent success of the Windows 7 operating system as a positive indication that the company will continue to grow and generate cash in coming years.

**Quote of the month:** “Every young man would do well to remember that all successful business stands on the foundation of morality.” —Henry Ward Beecher

**BOUGHT**

- MSFT
- INTC

**SOLD**

- 30% of position in CMG

Total position in CREE