In the month of January, the S&P 500 returned nearly 2.4% after a strong 2010. The Bowden Investment Fund underperformed the market by approximately 0.9% in the month of January. Our portfolio was led by the returns of Transocean Ltd. and Exxon Mobil, while Novartis and Goldcorp ended the month in the red. We look forward to the remainder of 2011 with the intention of outperforming the market.

The Bowden Investment Group began the Spring semester with presentations and analysis of potential companies for purchase, delayed from last semester due to inclement weather. Companies as diverse as Stonemor Partners, Activision Blizzard, and Under Armour were presented. Ultimately, we decided to purchase shares of Google common stock citing growth prospects due to the company’s culture of innovation and market position. Also, we sold our full position in Colgate-Palmolive due to the company’s declining market share and other considerations related to our outlook for the coming year.

For the remainder of the semester, the group will focus both on evaluating companies currently held in the portfolio, looking specifically for companies to sell, and analyzing companies with the hope of finding accretive buys for the fund. We will also continue learning about portfolio management and investing through lectures by Dr. Goff, Mr. Thompson, and guest speakers.

David Emery
President

Economic Outlook

Reports from multiple countries of violence and revolution have been at the top of the headlines for several weeks. The month of January started out with protests and riots in Tunisia, and ended with similar events in Egypt. Although these events do not seem to be having an immediate effect on the American stock market, some investors worry that such trends will continue into Libya, Jordan, and the rest of the region. The concern is that revolts and rebellions in these areas will affect the price and supply of oil, and in turn the American economy that is so dependent on it.

The American stock markets continued to perform well throughout the month of January. It is widely believed that improving economic data was partially responsible for the surge, but the real driver was corporate profits. Consumers are starting to spend again, and companies have been able to fund their operations by borrowing at incredibly cheap rates. Largely as a result of these positive macroeconomic trends, corporate profits have benefited tremendously.

Annually adjusted nominal GDP for the fourth quarter of 2010 was reported at 3.4%, and real GDP for the same period was reported at 3.2%. This means that despite soaring food and energy prices, inflation is anticipated to be only 0.2% for the year. I believe that these numbers are misleading, and that the true inflation rate is much higher. In my opinion, reporting a figure of 0.2% has allowed our real GDP growth to look much better than it really is.

For the month of January, unemployment dropped from 9.4% down to 9.0%. However, only 36,000 non-farm related jobs were created. This means that unemployment is not lower primarily due to an increase in jobs, but rather it fell because of the number of people who have stopped looking for work. It is thought that approximately 100,000 to 150,000 people are no longer members of the labor force, and as such, are not counted as being unemployed.

Jacob Haas
Economic Analyst
**Fund Returns**
*(Through the end of January)*

**Bowden Investment Fund**
Cumulative Returns Since Inception

Even marginal returns in January for the Bowden Group have done little to refute the long-term success of the fund. *(Note January returns, below, and cumulative returns, above)*

<table>
<thead>
<tr>
<th>January 2011 Returns</th>
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<tbody>
<tr>
<td>Bowden</td>
</tr>
<tr>
<td>1.50%</td>
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**Did you know?**

It seems that the excess returns of Boone’s own “King Street” have continued to elude the majority of Wall Street:

**Value of $10,000 investment made on 01/01/00 today:**
- The Bowden Fund: $11,524
- The S&P 500 Index: $10,701

**Stock In Focus: Google, Inc. (NASDAQ GS:GOOG)**

Going into 2011, our group felt a pressing need to be exposed to more areas in the consumer market with momentous popularity and robust growth potential. Subsequently, Bowden members voted unanimously to acquire shares of Google.

Not only has Google positioned itself to gain from the growing popularity of mobile, video, and display advertising, but the company’s atypical endeavors into wind farms and electric cars that can navigate themselves imply the company sees itself as far more than just a search engine. In recent months Google has launched an E-book endeavor, made a co-founder the CEO, and crushed fourth quarter earnings estimates. We believe that we purchased Google shares at a very attractive valuation and look forward to the company’s continued innovation to act as a catalyst for capital appreciation.

**Quote of the month:** “Markets are constantly in a state of uncertainty and flux, and money is made by discounting the obvious and betting on the unexpected.” George Soros

**FALL RESEARCH STOCKS**

Of the 9 stocks chosen for Fall analysis, 2 have been bought by the fund: P.H. Glatfelter and Google.

A final retrospective glance at the stocks we considered is depicted below.

**BOUGHT**
- GLT
- GOOG

**NAUGHT**
- ADM
- ATVI
- CHD
- FSLR
- LANC
- STON
- UA