ROLAND GEORGE INVESTMENTS PROGRAM

ANNUAL REPORT

2015-16

STETSON UNIVERSITY

School of Business Administration

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Roland and Sarah George Chair of Investments
Visiting Professor of Applied Investments

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ACKNOWLEDGMENT

The Roland George Investments Program was established at Stetson University through a gift made in 1980 by the late Sarah George.

The innovative program is designed to:

- Honor Roland George by implementing his belief that students learn best through actual experience in making investment decisions.
- Provide an advanced course in investments to the School of Business Administration.
- Establish two investment funds, one income oriented and the other growth oriented.
- Generate annual income sufficient to:
    - Maintain the Roland George Distinguished Visiting Professorship of Applied Investments
    - Maintain the Roland George Merit Scholarship Program designated for outstanding students seeking careers in investments
    - Purchase resource materials to support the courses
    - Administer the overall program

On behalf of all of the program's participants — past, present, and future — we would like to express our appreciation to Sarah George for making this valuable opportunity possible.

DIRECTOR'S NOTE

K.C. Ma, Ph.D., C.F.A.
Director, George Investments Institute
Roland George Chair of Applied Investments

The Stetson Values

Back in the early 1980's, Mrs. Sarah George, the founder of the Roland George Investments Program and Sarah George Investments Institute, had already practiced two of today's Stetson values: diversity and global citizenship. The best testimony to this is that, for the current 2015-2016 class, other than it being one of the largest classes in the RGIP history, out of the 25 students enrolled, there are six women, six student athletes over four different sports, six international students, six Greeks and one musician. This also reflects our central belief that Wall Street, being otherwise blind, only sees the difference between smart money and dumb money.

Nowadays, the Roland George Trading Room is the most frequently visited spot on Stetson campus. We receive 3 tours daily and over 6000 guests a year. When you walk into the third floor of the Lynn Business Center, on the right-side wall, there are 35 years of class pictures from 1981 to current. On the other side, there are 36 years RGIP annual report cover pages being displayed. I am almost sure that we are the only student-managed fund program with such a collection both in student fund program annual reports and in class pictures. In between, you will see the state-of-the-art, Roland George Trading Room, or "the Shark Tank," as students like to call it. It is less of just a glass-wall tank, but more of the George students inside investing like sharks. George students learn quickly that "Nice Guys Don't Make Money on Wall Street." Investors need to act proprietarily to gain their advantages over other participants in the market.

2015 RGIP Portfolio Performances

Now I am getting to my favorite part of the reporting, for the 2015-2016 class, the Roland George Investments Program (RGIP) has achieved several new records. First, RGIP has received the most performance awards in the national performance competitions. In 2015, RGIP Growth Fund placed fourth and RGIP Income Fund placed second in the G.A.M.E. competition. In this conference, there were more than 450 university funds participating in the performance competitions. Unlike in other types of competitions, there is nothing to be ashamed of being the second or third in the financial market performances. We are perfectly happy to collect the 6th Second Places in addition to the 16 First Places in performances for the last 15 years.

Media Coverage

RGIP also received record high publicity for its historical award-winning performance. In early 2016, for the second time, we were selected in a 2-minute segment of the FOX Morning News while Stetson University was the site of the news broadcasting. Moreover, we were featured as the "Successful Student Investing" in two prestigious state magazines, *Florida Trend* and *Forward Florida*. Most recently, we were happily surprised by an article entitled, "Stetson Students Master Markets in Real World Investment Arena" in the Q4 issue of the *Economic Development Quarterly* published by Volusia County Florida, especially since it came with a handsome picture of the George Lab full of many professional men and women. Finally, when Stetson University Marketing sent out the press release regarding our 2015-2016 wins and public trustee meetings, it was picked up by more than 450 major newspapers and websites all over the country. We received countless congratulations and praises as if the entire town shares the excitement.

Community Services

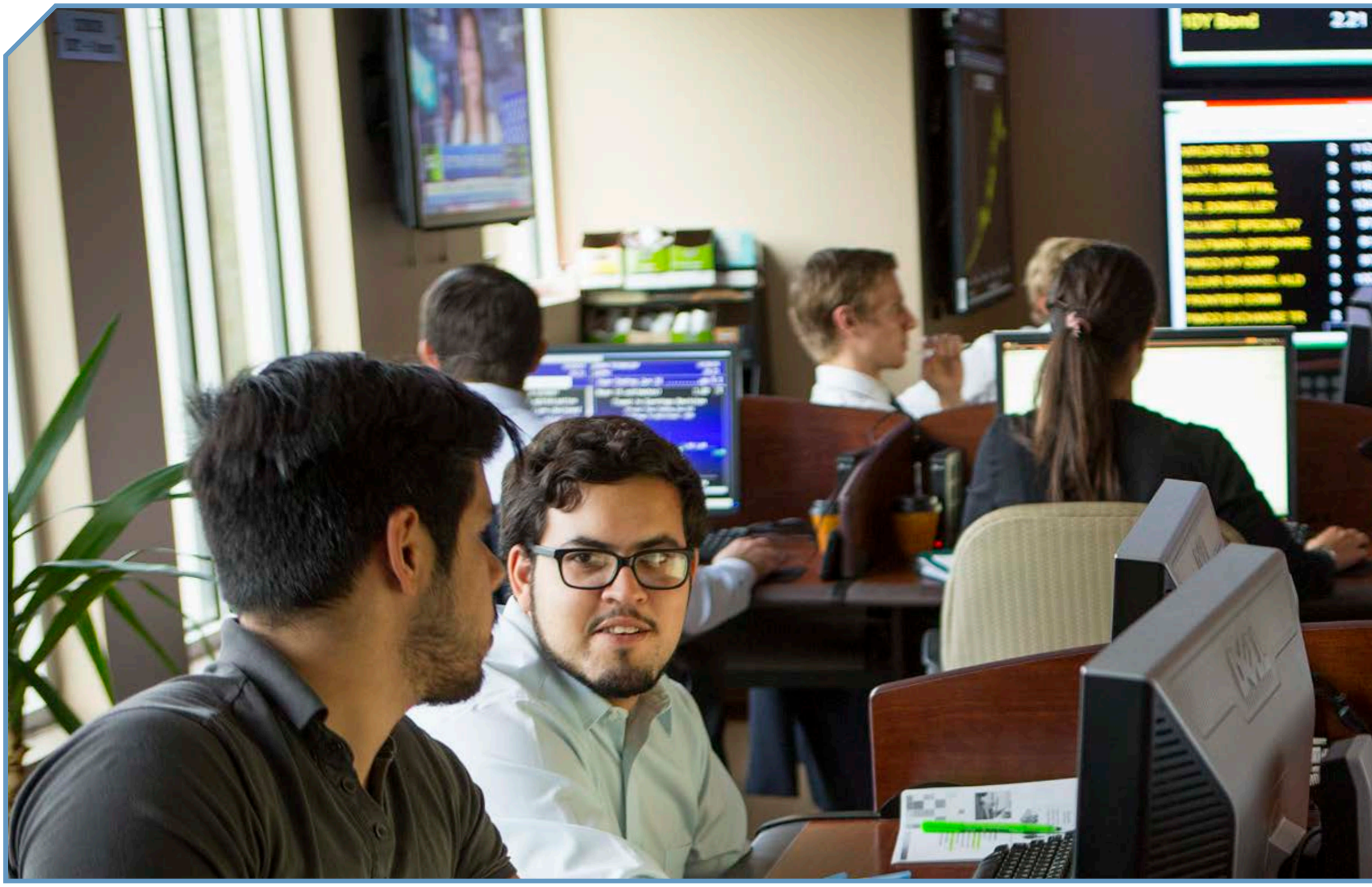
By May 2016, we have held our fourth public meeting for one of our regular George trustee meetings, RGIP 4.0. Other than it was a culture credit course for rest of the university, there were significant interests from the faculty, staff and general public, more than 200 people attending each of the four meetings for the past two years. Following the presentation, we have received so many positive feedbacks that we decide to make this a permanent event as a service to the community. During the reception followed, guests mainly from the community requested that we should have more often events like this in the future.

Investments Writing

Starting in 2015, George students have been regularly requested by major finance press, such as U.S. News and World Report, TheStreet.com, Yahoo Finance, and Seeking Alpha, to comment on individual stocks and economic events. For the year 2016, there were more than 490 news media outlets that cited RGIP at Stetson University. It equates to more than five million "unique page views."

Pupils Become Teachers

Other than constantly being humbled by the financial markets, in the previous years, I have been humbled by the phrase, "Pupils Become Teachers." Through the close and frequent contacts with George students on every single presentation they made, I am very happy to find that George Program has serviced the students well. Very frequently in real-life debates, George students corrected my reasoning and almost always provided better judgment than I can. This could not be a better piece of evidence for successful execution of the intent of the Roland George Investments Program. RGIP is the optima of the experiential learning.



HISTORY OF THE PROGRAM

In honor of her husband, Sarah George sought a university that would allow students to manage money under the guidance of successful practitioners. Fulfilling the dream of Roland George, who believed students should learn from hands-on experience, a gift was transferred by his widow, Sarah George, to Stetson University on Aug. 20, 1980 — assets with a value of nearly $500,000.

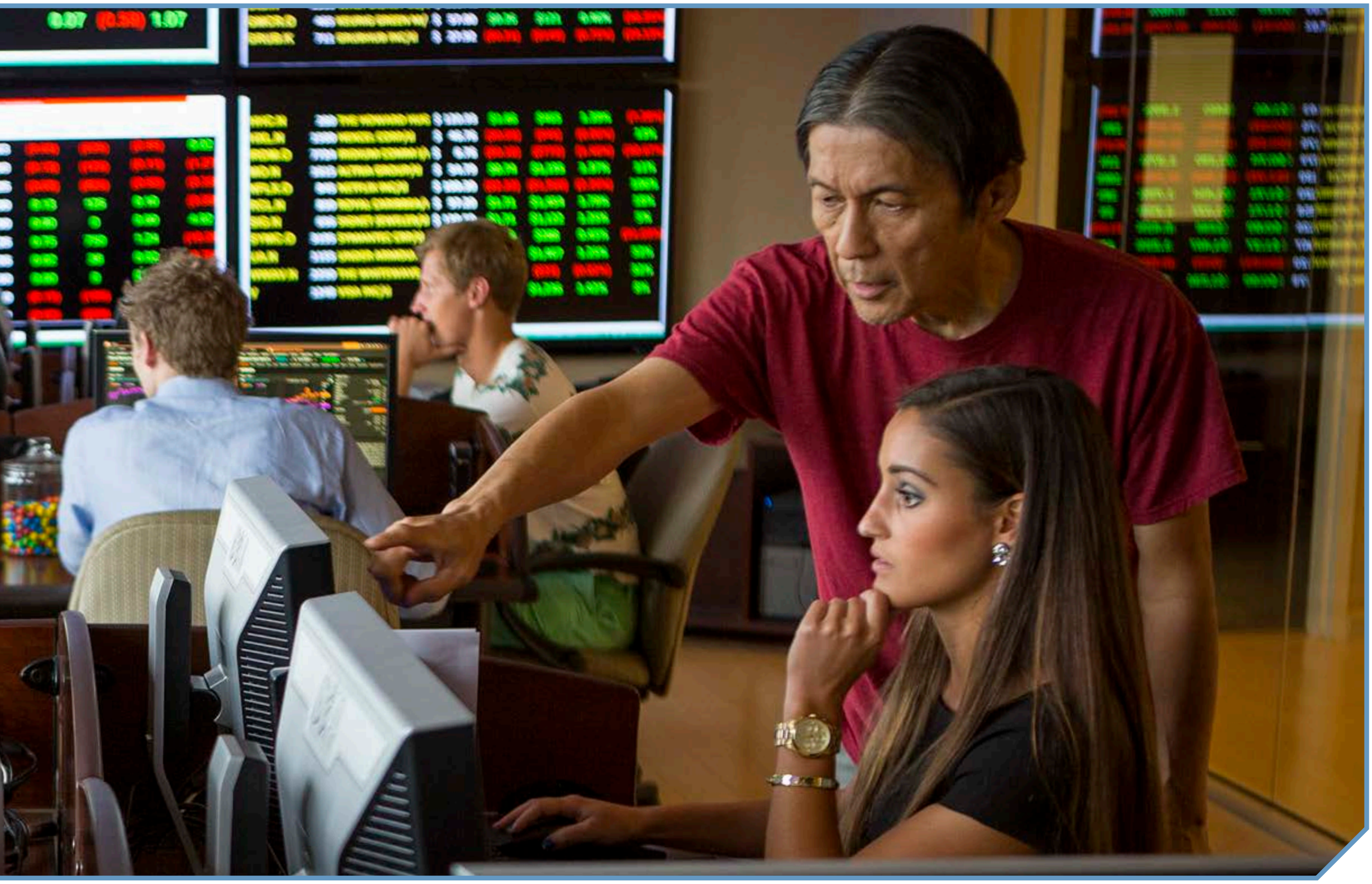
Roland George's vision allows Stetson University to offer students an opportunity that only a select number of universities can — the investment and management of actual dollars. Annoyed with colleges teaching only theory, the program he envisioned would enable students to manage an actual portfolio. Students would purchase and sell securities, monitor the portfolio, and endure the pressure of generating sufficient income to pay program expenses. Sarah George stressed that failure, as well as success, should be part of the learning experience. She insisted that students have a major voice in the investment decision–making process.

Roland George's vision allows Stetson University to offer students an opportunity that only a select number of universities can — the investment and management of actual dollars.

Sarah George, along with her brother Robert Wilson and attorney Frank Gaylord, approached Stetson University with her idea. Their contributions, along with those of President Pope Duncan, Dean David Nylen, H. Douglas Lee, Ph.D., and Professor Kenneth Jackson, developed the Roland George Investments Program.

Carter Randall, a panelist on PBS television's "Wall Street Week" and an investment consultant, was chosen as the first Distinguished Visiting Professor. He eventually served in that capacity six times. Randall was instrumental in guiding the students into the real world of investing with his knowledge and insight. He also enhanced the program by attracting prominent investment professionals to Stetson University to teach the students.

Gerald T. Kennedy served as Distinguished Visiting Professor from 1982 to 1987. He introduced the use of computers to scan stocks meeting criteria selected from student research. The introduction of services such as Value Line and Dow



Jones News Retrieval, in conjunction with data sources such as Zack's Icarus Services and the O'Neil Reports, taught students the use of sophisticated research materials.

Sarah George passed away in 1988. In her will she left a gift of $3.6 million to establish the Roland and Sarah George Investments Institute. This Institute provides support for investments education at Stetson, such as symposiums to bring investment professionals and academic theorists together, and helps to provide access to research in investments for the School of Business faculty. The Stetson community greatly appreciates Sarah George's generosity and vision for investments education.

RGIP was enhanced by dividing the class into two semesters with the additional endowment provided by the George estate. Students focus on the Growth Fund and equity management techniques during the first semester. The second semester course places emphasis on management of the Income Fund, which comprises bonds and other income generating securities. Although monitoring the entire portfolio is essential throughout the year, this structure enables students to concentrate their efforts in a specific area of investments.

The George endowment has also allowed RGIP to have a full-time resident professor with applied experience. Max Zavanelli was selected as the first Roland George Distinguished Visiting Professor of Applied Investments.

Since then, Ned Schmidt, Frank Castle, and K. C. Ma have also served as visiting professors for RGIP. These individuals were selected because they had applied investment experience and the enthusiasm to convey this knowledge effectively in the classroom to the students. They helped in greatly improving the level of investment experience for students at Stetson University. Their efforts have aided in developing the Roland and Sarah George Investments Institute into a premier organization for applied investment research and investment education.

RGIP is unique in its concept and design, affording Stetson's business students the opportunity to manage a portfolio, complete with the pressures of possible failure. While many universities offer courses using computer–simulated programs with "play" money, Stetson University students are charged with investing more than $3.4 million.

Roland George felt that exposing students to experienced investment managers and allowing them to participate in actual investment decisions were ideal ways to prepare for a career in investments. His dream has become a reality, and the program has met its goals successfully now for 35 years.

INVESTORS SHOULD LOOK AT CASH FLOW MORE THAN EARNINGS. by K.C. Ma

BlackRock CEO Larry Fink's recent letter to 500 chief executives urging them for the first time to stop providing quarterly earnings estimates is yet another plea for long-term value creation. Today, many companies are expected to execute corporate policies that reflect short-term earnings growth, thus forcing investors to rely mainly on what a stock is worth. When company forecasts are heavily based on earnings, one of the biggest problems is that they have been known to be overly optimistic. On September 21, 2001, despite an announcement of missed earnings and a shortfall in cash flow, Amazon.com was still trading at an unreal price-to-earnings ratio of over 2200 at a time when its stock was $192 a share. The only way to justify such a lofty price would be if Amazon's earnings were to grow at an annual rate of 80% for the next 10 years. When its price peaked at $225, Amazon's market capitalization of $52 billion was larger than the economies of 125 countries. (For a comparison, while Amazon's stock is trading at over $500 a share today, its price-to-earnings came down to around 400, albeit still high, at least a more reasonable level.) This exaggerated valuation has since been explained as an example of "stock market myopia" — investors' fixating on short-term earnings. Do I need to remind you what happened to the stock market after 2001?

Carl Icahn has argued that low interest rates have created "a new bubble," caused by firms borrowing cheap money to fund acquisitions or to buy back stock in order to inflate their fundamentals. This warning echoes Fink's concern that "dividends paid out by S&P 500 companies in 2015 amounted to the highest proportion of their earnings since 2009 … Buybacks were up 27% over 12 months." Still, both Fink's longtime track record of promoting sustainable corporate growth and Carl Icahn's breaking up of Xerox and his criticism on BlackRock's contributing to the high-yield bubble should be commended for exemplifying the best "shareholder activism" at work.

Corporate shortsightedness is manifested by firms' practice of providing short-term earnings guidance. However, firms that frequently issue quarterly earnings guidance also behave myopically. Further exacerbating this problem is the fact that managers are typically evaluated and compensated based on earnings goals, providing a perverse incentive to focus on producing short-term results. Moreover, if stock prices react to short-term earnings, managers can argue that they are doing their jobs in the name of "maximizing shareholders' wealth." Since 2002, there has been a new movement led by the CEOs of top blue-chip companies such as GE, Microsoft, and Intel, to voluntarily stop providing earnings guidance. The intention was to relieve managers from being boxed into hitting short-term targets, and investors from being misguided. The critics claim, rather, that the firms are self-serving, especially since most of the firms that stopped issuing earnings guidance had already experienced poor earnings and stock performance.

A company's earnings, measured under specific accounting standards and tax laws, are arbitrary at best, whereas cash flow, like the balance in a checking account, is an actual number and subject to little interpretation. Earnings are opinion and cash is a fact. In 1994, Berkshire Hathaway's annual report, Warren Buffett wrote, "We define intrinsic value as the discounted value of the cash that can be taken out of a business during its remaining life." In his 2002 annual meeting, nearly 20 years later, Buffet echoed the same testament, "We'll never buy a company when the managers talk about EBITDA (Earnings before Interest, Taxes, Depreciation and Amortization). There are more frauds talking about EBITDA. That term has never appeared in the annual reports of companies like Walmart, General Electric, and Microsoft. The fraudsters are trying to con you or they're trying to con themselves." In other words, the most celebrated investor's message could not be clearer. In terms of value, it is what you can take out of a business that really counts, not the earnings reported by the company.

It is a reality that the public has an unusual fascination with short-term earnings. More than two thirds of stock price movements react to the quarterly earnings estimates. As a result, less than 15% of Wall Street analysts would even give cash flow estimates. However, whenever things take a turn for the worse – such as an economy going into a recession – stock market bubbles burst, and, for those 25% of companies with negative fundamentals, the investors will resort back to quality -- watching cash flow instead of quarterly earnings.

STETSON GEORGE STUDENTS PRESENT

by T.S. Jarmusz , Daytona Beach News-Journal, 11/1/2016.

Most successful senior projects result in a good grade, but one at Stetson University amounted to something more: an investment of hundreds of thousands of dollars.

Five seniors in the school's Roland George Investments Program pitched their top stock picks to a board of student and faculty trustees, who voted Oct. 24 on whether to invest real money from the program's $3.5 million student managed portfolio. Their ideas — the result of two months of research and vetting — included the creation of three tech-heavy baskets of stocks, a post-election group and a single stock pick that capitalizes on death.

It was "Mad Money" meets "Shark Tank."

A Virtual Steal

Finance major Chris Landers kicked off the show by asking the audience to close their eyes and imagine being in Hawaii. This is the last time people will have to "imagine" the trip because technology will make it possible for them to be there, he said.

No longer the stuff of sci-fi movies, virtual reality (VR) has made headway in video games. Sales of VR games are expected to outpace regular games by 2020 and Landers called the figures "staggering."

But that's just the start. VR will be used in health care applications such as surgical training or studying 3D models of the heart. It has applications in education where students can learn from a virtual classroom. It also will be used in the military, where the Air Force plans to implement the technology to train pilots, Landers' research shows.

His pitch to buy more than one stock rests on the fact that there's no single company solely in VR. After doing an analysis of where VR hardware is made, Landers came up with four stock picks — all selling at a discount — and all potential takeover targets.

"Someone call Jim Cramer (host of CNBC's "Mad Money") and tell him that's my call of the day," he said of one stock being a likely acquisition target.

He asked the board to invest $70,000 and after a 5-2 vote, they agreed.

In the Cloud

Next, student Sal Raitano gave his pitch on the advancement of cloud computing.

"The cloud is the Internet," he said. "All computing is moving into the cloud."

A great deal of data already is stored on servers in the cloud, and Raitano said 75 percent of growth in the information technology field is tied to cloud computing.

It's only going to get bigger. Soon, hardware will follow data and migrate to the cloud. Then all you'll need is a screen and an Internet connection, he said.

After showing some impressive projections, Raitano asked the board to invest $70,000 for his Cloud4 ETF. They approved the request with a 6-1 vote.

Death Becomes Her

Clad in all black, as if dressed for a funeral, Hailan Castro Yan, 22, recommended only one stock: From a company that makes money when people die.

Yan opened with a deadpan statement as dark as her attire.

While death and taxes are the only certainties in life, one can't invest in the IRS, she said. The next best way to capitalize on the inevitability of life's end would be to invest in a company that profits from others' misfortunes.

Service Corporation International is similar to a company Stetson added to its portfolio last year except that instead of specializing in child care, it specializes in death care, she said. Service Corporation runs the oldest and largest networks of company-owned funeral homes in the U.S. and have about 26 percent of the current market share.

Yan noted – to mixed reaction – how baby boomers are getting older and death rates are expected to increase.

That's good news for stockholders and she shared data to prove it.

A stock chart she displayed showed sharp price increases for Service Corp. in 2015. It wasn't the result of a strong earnings report, but rather, a severe flu outbreak in Canada.

"Basically a lot of people died," she said.

One trustee noted that she hit both "apprehension and discomfort on the head." Their 4-3 vote earned her stock a $70,000 investment.

While the students didn't win anything for their picks being selected, not everyone walked away with bragging rights. Presentations on a self-driving truck and post-election basket of stocks (that should rebound after the election) weren't approved because trustees said the picks too closely resembled stocks already in the school's portfolio.

In the end though, students convinced trustees to fork over $210,000.

This is the school's third year doing the "Shark Tank" format and not the first time trustees invested heavily in a recommendation. In March trustees invested $100,000 in a drone exchange-traded fund.

If championship wins are any indication, the students know what they're doing. Since 2001, students in the investment program have won 15 collegiate championships and six second-place wins in various investment competitions.

GROWTH FUND 2015-2016 PORTFOLIO MANAGER REPORT

By Salvatore Raitano

At the beginning of the school year, Roland George students analyzed existing stocks in the portfolio to determine if they should be held or sold. After these reports were analyzed and voted on, the class created an Investment Policy Statement to shape the future of the growth portfolio. This past fall, the Roland George Investments Class decided to maximize total portfolio return within a 12 month workout period. We choose to emphasize the financial and healthcare sectors in the portfolio as well as emphasize large cap growth stocks. Each stock should have up to 5 analysts covering the stock. The portfolio also can have a maximum of 25 stocks and the minimum position in a stock should be $80,000.

In order to purchase new stock recommendations, the Trustees voted to sell 13 stocks at the beginning of the semester. The Trustees also voted to buy 14 new stock recommendations that supported the objectives of the portfolio and Investment Policy Statement. During the spring semester, the Trustees decided to sell 2 stocks and purchase 2 new stock recommendations.

Growth Fund Buy Recommendations

- Drone 9 Index
- Air Lease Corp (NASDAQ:AL)
- Bright Horizons Family Solutions (NASDAQ:BFAM)
- Coresite Realty Corp REIT (NASDAQ:COR)
- Chevron Corp (NASDAQ:CVX)
- Luxottica Group (NASDAQ:LUX)
- Nvidia Corp (NASDAQ:NVDA)
- Pacwest Bancorp (NASDAQ:PACW)
- Palo Alto Networks (NASDAQ:PANW)
- Planet Fitness A Class (NASDAQ:PLNT)
- Restaurant Brands International (NASDAQ:QSR)
- Stericycle Inc. (NASDAQ:SRCL)
- Vestas Wind Systems (NASDAQ:VWDRY)

Growth Fund Sell Recommendations

- Alexion Pharmaceuticals, Inc. (NYSE:ALXN)
- Keurig Green Mountain Inc. (NYSE:GMCR)
- GrubHub (NYSE:GRUB)
- Alibaba Group Hldg. (NYSE:BABA)
- Netflix Inc. (NYSE:NFLX)
- Symantec Corp. (NYSE:SYMC)
- Whitewave Foods (NYSE:WWAV)
- Carmike Cinemas Inc. (NYSE:CKEC)

Salvatore Raitano

GROWTH FUND INVESTMENT POLICY STATEMENT

OBJECTIVE

Maximize total return within a 12-month workout period.

CONSTRAINTS

- Emphasize large-cap growth stocks.
- Emphasize financial and healthcare.
- The portfolio can have a maximum of 25 equities.
- Each equity can have up to five analysts covering it.
- Minimum average daily volume is 80,000.

GROWTH FUND UPDATE

We started 2016 with $1,740,889.28 in stocks, $157,452.75 in other assets and $10,629.50 in cash in the Roland George Equity portfolio. This represents a total account value of $1.91 million dollars. As of December 31, 2016, our growth portfolio had $1,786,766.08 in stocks, $$85,072.40 in other assets, and $147,444.70 in cash, representing a total account value of $2,019,283.18. Our annualized return for the equity portfolio in 2016 was 5.83%.

FIXED INCOME FUND STRATEGY

FIXED INCOME FUND PORTFOLIO MANAGER REPORT SPRING 2016

During the 2016 spring semester, we focused on improving our Fixed Income portfolio as well as maintaining our Equity portfolio from the previous semester.

As a class, we decided to maximize the total (realized) return of our portfolio with a 12-18 month workout period. We also decided to minimize our interest rate risk, based on the consensus that rates would remain relatively stable within the workout period. We forecasted a maximum move of 25 basis points in either direction.

We chose fixed income securities that had a credit rating equal to or greater than a B, while slightly increasing the overall portfolio duration to nearly five years. We also decided to not restrict ourselves to specific sectors but emphasized taking on more credit risk when appropriate. Lastly, the minimum position in the fixed income fund would be $100,000.

Fixed Income Fund Buy Recommendations

Corrections Corporation of America (NYSE: CXW)

Entergy Mississippi (NYSE: EMQ.CL)

Rent-A-Center (NASDAQ: RCII)

International Game Tech (NYSE: IGT)

Fixed Income Fund Sell Recommendations

Aircastle (NYSE: AYR)

Clear Channel Holdings (NYSE: CCO)

Ally Financial (NYSE: ALLY)

FIXED INCOME FUND INVESTMENT POLICY STATEMENT

OBJECTIVE

Maximize total return within a 12-18-month workout period.

CONSTRAINTS

- Minimize interest rate risk.
- All holdings will be greater than or equal to a B credit rating.
- All holdings will have a minimum position of $100,000.
- The portfolio will have no sector restrictions.
- The portfolio will have a weight duration between four and five years.

FIXED INCOME FUND UPDATE

We started 2016 with $1,129,182.22 in bonds and $162,037.03 in cash in the Roland George Fixed Income portfolio. This represents a total account value of $1,291,219.25. The portfolio held 10 bonds and each were evaluated for swap proposals. As of writing this, our Fixed Income portfolio has $1,075,716.66 in bonds and $201,724.10 in cash, representing a total account value of $1,277,440.76 Our annualized return for the Fixed Income portfolio in 2016 was 11.20% and our current year-to-date performance is 0.75%, as of January, 2017. Our YTD return is beating the U.S. Treasury 10-year bond YTD return of 0.69% and the PIMCO All Shares Fund return of 1.61%.

Chris Landers

CLASS OF 2015-2016


Laurynas Antropikas


Gonzalo Arroyo Baudet


Lucas Diniz


Christopher Dodson


Quinn Ebright


Sean Gannon


Tanner Gunderson


Danielle Hurme


Timothy Hurst


Simon Julin


Brian Kehoe


Nicholas Kemick


Chris Macleod


Anthony Petrine


Justin Quigley


Austin Remey


Charles Reyes


Manuel Rodriguez


Raisa Santiesteban


John Schaly


John Shoaf


Brinson Swann


Zsofia Szurovski

Front from left to right - Dr. KC Ma; Chris Landers; Alex Zhu; Jared Carver; Abigail Fucciani; Hailan Castro Yan; Anna Zhu; Ally Ambrose; Mac Buckle; Marissa Hehli

Front from left to right - Evan Albert; Salvatore Raitano; Austin Higgins; Sebastian Contreras; Thomas Kaufmann; Kenneth Matthews; Harold Antor; Pat Nelson

2016 G.A.M.E. VI FORUM By Tanner Gunderson

Danielle Hurme and Tanner Gunderson were able to represent the Roland George Investments Program at the Quinnipiac G.A.M.E. VI Forum from March 19-21, in the center of the financial world, New York City. We had the opportunity to see various speakers and presentations from financial industry leaders. Several breakout sessions were available on topics such as options trading, portfolio management, and equity analysis. The Roland George Investments Program was highly respected at the event, with the size and reputation of our program being admired by many students and professionals.

At the awards ceremony, we learned that the Roland George Investments Program had placed second in the Bond Championship and fourth in the Stock Championship. While these results were not on par with past RGIP performance, the program is committed to returning RGIP to its historical success.

Tanner Gunderson and Danielle Hurme
2016 G.A.M.E. VI Forum Team

MERIT SCHOLARS 2015-2016

(Left to Right) Gonzalo Arroyo Baudet, Charles Reyes, Simon Julin, Laurynas Antropikas, Manuel Rodriguez, Austin Remey, KC Ma

New York City, 2016

New York City, 2016

Wall of RGIP Annual Reports

New York City, 2016

Chris Landers

VIRTUAL REALITY by Chris Landers

Picture yourself on a beach in Hawaii. Imagine feeling the sun on your skin, that refreshing ocean breeze, and even the taste of that piña colada. This will be the last time you have to simply imagine this because virtual reality is now a virtual reality.

Virtual reality, or VR, is technology that immerses you in a computer generated environment and replicates sights, sounds and other sensations. This technology stands to disrupt over $360 billion in existing industries and will generate an additional $100 billion by 2025.

It has applications in every major industry- education, retail, defense, real estate, construction, etc. Video games will be completely immersive. Every concert ticket sold will be essentially a front row seat. Health care checkups will take place from the comfort of your living room. The applications are literally endless.

Even though the VR industry is still in its infant stage, the numbers are already staggering. It has raked in over $1.2 billion dollars in private capital this year. $1 billion of that was in the first two months, more than the tech industry has ever claimed in an entire year! VR is the future and everyone, including the biggest tech companies, knows it, wants to get in on it and is investing billions of their own capital.

Now don't go rushing to your AmeriTrade account to buy shares of Apple or Google. The top ten tech companies have invested $4 Billion out of a combined $2.8 TRILLION available capital! That is the equivalent of pennies! We're talking less than a quarter of 1%. Buying them means you're buying the rest of their baggage. Whether that is good or bad, it's barely scratching the surface of VR exposure.

VR requires the use of a headset that is composed of graphics cards, audio processors, display screens, and motion sensors. With that being said, there isn't a single public company solely dedicated to VR. They all outsource production of key components through other companies.

Investing in private VR companies isn't a viable option for the normal retail investor. To invest in private companies, you need to be "in the know" and you need to have lots of dough. Not too many of us can write a check with eight figures on it.

So, to capture that direct exposure to VR, you have to dig a little deeper. Through a proprietary selection method and supply chain analysis, I sought to surgically extract the public companies that stand to gain the most from the rise in the VR revolution.

The first is Photronics Inc. Photronics makes photomasks which are the blueprints for circuitry. These are necessary for the production of chips and flat panel displays. They've spent the last two years shifting resources to begin producing photomasks for Organic Light Emitting Diode screens (OLED). OLED is the new technology that will completely phase out your standard LCD screens. It provides a clearer picture, sharper colors, and can support Ultra High Definition viewing.

Major device producers like Samsung and Apple have stated that all of their upcoming devices will only have OLED screens. Guess who sits at the tippy top of their supply chain for display and processor production. If you guessed "Photronics," congratulations. You've earned your gold star for the day.

Since the financial crisis, this company has drastically increased its production efficiency and profitability. Their margins have risen to 28% vs. their peers' 22%. ROE sits at 7% vs. their peers' 3%. And, across all metrics, they are a steal. Looking forward to revenue and earnings growth near 20% next year, they have a price target of $12.50, meaning they are undervalued by 23%.

The next best VR stock is NXP Semiconductors. NXP makes graphics cards, audio processors, motion sensors, and other components used in VR hardware. This is through their appropriately named "high performance, mixed signal" segment. This company is a must have for a VR index. Their ROE is 25% vs. the industry average of 15%. ROIC sits at 14% vs. their peers' 9%. Once the demand for VR picks up, revenue and earnings will skyrocket. On top of that, they're undervalued by a whopping 34%.

Now, I started really looking into this stock in August. My director and I had several long conversations about it. Apparently, Qualcomm was listening in because on September 29th, they made an acquisition offer for NXP. They must've agreed with my valuations as well because they only offered a 25% premium, knowing there was plenty more upside potential for NXP. This is very telling in this industry as all of these stocks are potential takeover targets.

Third in line is Technicolor. Even though you may have never heard of this company, I guarantee that you have seen some their work. They are the only vertically integrated content producer that is capable of converting all of existing content into VR. This is the same company that pioneered color pictures in the early 1900's. They've been at the forefront of innovation for over 100 years as trends and technology evolve. Wizard of Oz, Looney Tunes, even the Avengers; those were all Technicolor. They're continuing this reputation of innovation by introducing VR cable service next year.

Technicolor has completed a massive restructuring after emerging from bankruptcy in 2010.

Its leverage levels have dropped from over 5x in 2009 to 2x in 2015. They plan on dropping to below 1.5x by the end of next year. They have also increased free cash flow since their restructuring by 24% per year. Cash currently sits at €385 million which is more than enough to cover their annual debt amortization of €63 million.

Revenue and profitability has increased as well. The extra cash is being given back to shareholders through dividend raises and share buybacks. With the introduction of all of these new VR headsets, people are going to demand more content. This will lead to revenue growth of 30-40% through the end of next year with earnings more than doubling. This gives them a target price of $9.50, meaning upside potential of 51%!

The last stock I want to talk about is Vuzix Corporation. Vuzix is a headset manufacturer. It derives its revenue through both government and non-government sales. It has shifted to more enterprise and consumer-level sales since its IPO in 2010 and has extended its reach internationally.

Now, their headsets are not like the bulky Oculus and HTC headsets you're probably picturing. These are sleek, lightweight, and futuristic headsets. Its products have been met with immense success since hitting the market. Their first product, the M100, was received so well by its enterprise customers that it forced Google's headset off the market. This is a $120 million company beating out Google, a $500 billion company. Talk about David vs. Goliath!

Vuzix's products have won over 20 Consumer Electronic Show awards. Their most recent product won the CIE Wearable Device of the Year award earlier this year. They also hold over 40 patents in wearable technology with 23 pending. Now all of this sounds great, but here is the real kicker.

Intel invested nearly $25 million in Vuzix last January. Intel has a reputation for acquiring companies it invests in within 24 months. As you can see with NXP, I seem to have a little knack for picking companies that are going to be acquired. I'm betting this happens by Q1 next year.

So, if you're reading this, Jim Cramer, that's MY call of the day.

Even without Intel, the rise of VR will boost Vuzix to the top. Their superior technology and usability differentiates them from even the biggest players in the market (sorry Oculus). Revenue and earnings will likely grow by triple digits. You've got to love these small cap tech companies. I've set a price target of $10.50 meaning Vuzix is undervalued by 39%!

Now that I've lost you with all of the talk of ROE, acquisitions, and fair values, let me bring you back to reality. This index recommendation is the culmination of over 200 hours of work. I can count on one hand how many times I've left school before midnight this semester.

I know VR isn't an established industry YET, which is why we need to get into it NOW. There is not a single industry VR technology cannot and will not disrupt.

This is why I am recommending that the Roland George Investments Program invest $70,000 in these VR companies.

Ultimately, though, it's your call.

APPENDIX A

SUMMARY OF 36-YEAR PERFORMANCE

DATE	INCOME	GROWTH	TOTAL	
08/20/80	initial gift	—	$ 481,499	
05/31/81	$ 233,722	$ 297,354	531,076	
05/31/82	337,559	264,303	601,862	a
05/31/83	374,161	407,186	781,347	
05/31/84	344,588	315,376	659,964	
05/31/85	402,196	410,290	812,486	
05/31/86	471,512	476,936	948,448	
05/31/87	476,248	498,175	974,423	
05/31/88	467,783	434,509	902,292	
05/31/89	496,747	475,699	972,446	
05/31/90	509,761	569,591	1,079,352	
05/31/91	579,978	537,431	1,117,409	
05/31/92	616,547	562,297	1,178,844	
05/31/93	687,708	778,023	1,465,731	b
05/31/94	779,942	775,785	1,555,727	b
05/31/95	790,106	749,717	1,539,823	b
05/31/96	792,512	882,426	1,674,938	b
05/31/97	798,163	904,564	1,702,727	b
05/31/98	1,027,786	975,195	2,002,981	b
05/31/99	1,021,160	1,113,886	2,135,046	b
05/31/00	1,004,273	1,298,380	2,302,653	b
05/31/01	1,218,729	1,468,381	2,687,110	b
05/31/02	1,319,005	1,481,500	2,800,505	b
05/31/03	1,517,821	1,324,353	2,842,174	b
05/31/04	1,308,252	1,484,329	2,792,581	b
05/31/05	1,370,963	1,491,732	2,862,695	b
05/31/06	1,227,069	1,631,060	2,858,129	b
05/31/07	1,296,182	1,898,606	3,194,788	b
* 06/30/08	1,397,712	1,290,966	2,688,678	b
06/30/09	1,088,834	1,161,630	2,250,464	b
06/30/10	1,176,859	1,355,353	2,532,212	b
06/30/11	1,287,030	1,645,980	2,933,010	b
06/30/12	1,159,235	1,502,382	2,661,617	b
06/30/13	1,253,762	1,663,446	2,917,208	b
06/30/14	1,396,687	2,061,110	3,457,797	b
06/30/15	1,380,573	1,951,127	3,331,700	b
06/30/16	$ 1,193,845	$ 1,890,699	$ 3,084,544	b

a Includes subsequent gift of $86,792 in February 1982.

b Program expenses deducted after the end of the fiscal year

* Stetson University extended the fiscal year to encompass 06/01/07 through 06/30/08.

In establishing the Growth and Income Funds, the charter establishing the Roland George Investments Fund set an asset allocation of 50 percent to the Growth Fund and 50 percent to the Income Fund. Therefore, funds are periodically transferred between funds to keep that balance.

APPENDIX B

PORTFOLIO ASSETS JUNE 30, 2016

Growth Fund — Common Stocks

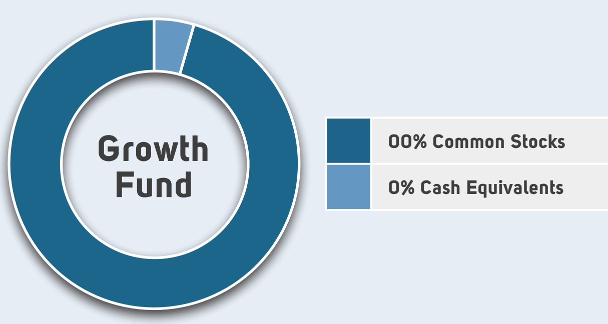
DESCRIPTION	SYMBOL	UNITS	MARKET VALUE
Air Lease Corp.	AL	1200	$ 32,136.00
Advanced Auto Parts	AAP	500	$ 80,815.00
Alexion Pharmaceuticals	ALXN	420	$ 25,687.20
Altria Group Inc.	MO	1615	$ 111,370.40
American International Group	AIG	1400	$ 74,046.00
American Tower Corporation REIT	AMT	805	$ 91,456.05
Amsurge Corporation	AMSG	1565	$ 121,350.10
Baidu, Inc.	BIDU	330	$ 37,984.50
Bright Horizons	BFAM	1200	$ 79,572.00
Chevron	CVX	500	$ 52,415.00
CoreSite Realty Corp.	COR	1400	$ 124,166.00
Drone 9	-	3853	$ 37,025.89
Hexcel	HXL	1500	$ 62,460.00
Iridium Communication	IRDM	8724	$ 68,589.12
Luxottica	LUX	600	$ 58,632.00
Nvidia Corp.	NVDA	1200	$ 56,412.00
PacWest Bancorp	PACW	900	$ 35,802.00
Palo Alto Networks	PANW	200	$ 24,528.00
Planet Fitness	PLNT	1500	$ 28,320.00
Restaurant Brand Inc.	QSR	1200	$ 49,920.00
Royal Caribbean Cruises	RCL	850	$ 57,077.50
Signet Jewelers, LTD	SIG	656	$ 54,060.96
Stericycle Inc.	SRCL	700	$ 72,884.00
Under Armor (A Shares)	UA	1155	$ 46,350.15
Under Armor (C Shares)	UAC	1163	$ 42,333.20
Vestas Wind	VWDRY	500	$ 11,362.50
Visa Inc.	V	1248	$ 92,564.16
Walt Disney Company	DIS	1300	$ 127,166.00
Whitewave	WWAV	2250	$ 46,940.00
Total Securities			**$ 1,803,425.73**
Total Cash Equivalents			**$ 87,273.39**
TOTAL GROWTH FUNDS ASSETS			**$ 1,890,699.12**

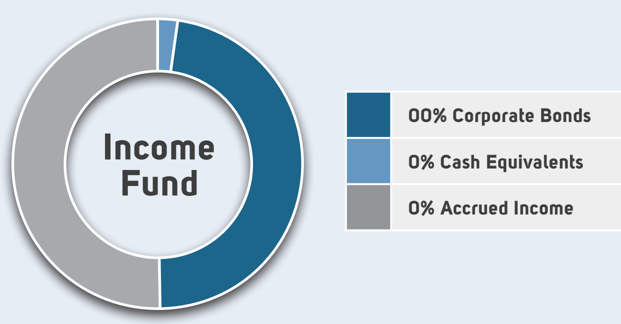
APPENDIX B

PORTFOLIO ASSETS JUNE 30, 2016

Fixed Income Fund — Corporate Bonds

DESCRIPTION	SYMBOL	UNITS	MARKET VALUE
Aircastle Limit	AYR	1000	$ 113,000.00
Ally Financial, Inc.	ALLY	1000	$ 112,750.00
ArcelorMittal	MT	1000	$ 117,750.00
Calumet Special	CLMT	1000	$ 70,750.00
Clear Channel Outdoor Holdings, Inc.	CCO	1000	$ 99,500.00
Frontier Communications Corp.	FTR	1000	$ 90,000.00
Gulfmark Offshore	GLF	1000	$ 41,250.00
Outerwall, Inc.	OUTR	1000	$ 92,250.00
PIMCO Active ETF	BOND	1000	$ 107,370.00
PIMCO Bond Index ETF	HYS	1881	$ 182,156.04
RR Donnelley & Sons	RRD	1000	$ 112,000.00
Total Corporate Bonds			**$ 1,138,776.04**
Total Cash Equivalents			**$ 55,069.17**
Accrued Income			**$ 1,193,845.21**
TOTAL INCOME FUND ASSETS			**$ 1,193,845.21**
TOTAL GROWTH FUND ASSETS			**$ 1,890,699.12**
TOTAL PORTFOLIO ASSETS			**$ 3,084,544.33**





APPENDIX C

TRANSACTIONS JULY 1, 2015 - JUNE 30, 2016

Sales - GROWTH FUND

DESCRIPTION	SYMBOL	UNITS	MARKET VALUE	PROFIT (LOSS)
Alexion Pharma Inc.	ALXN	200	$ 29,090.51	$ (8,969.49)
Keurig Green Mtn Inc.	GMCR	465	$ 25,278.94	$ (23,043.86)
GrubHub	GRUB	2011	$ 54,061.82	$ (25,855.32)
Alibaba Group Hldg	BABA	900	$ 60,943.09	$ (18,985.01)
Netflix Inc.	NFLX	235	$ 168,993.34	$ 87,220.39
SPDR Dow Jones Industrial ETF	DIA	1600	$ 284,332.45	$ 12,929.05
SPDR S&P 500 ETF	SPY	500	$ 104,609.12	$ 5,766.12
Symantec Corp.	SYMC	3195	$ 61,509.63	$ (18,525.12)
Whitewave Foods	WWAV	1250	$ 49,377.47	$ 4,927.47
Carmike Cinemas Inc.	CKEC	1700	$ 51,669.92	$ 669.92
Total Growth Fund Sales			**$ 889,866.29**	**$ 16,134.15**

Purchases - GROWTH FUND

DESCRIPTION	SYMBOL	UNITS	MARKET VALUE
Drone 9	-	3853	$ 38,247.29
Air Lease Corp.	AL	1200	$ 40,376.95
Bright Horizon Fam	BFAM	1200	$ 77,801.9
Coresite Realty Corp REIT	COR	1400	$ 81,434.9
Chevron Corporation	CVX	500	$ 46,853.95
SPDR Dow Jones Industrial ETF	DIA	1600	$ 271,421.3
Luxottica Grp	LUX	1200	$ 80,655.39
Nvidia Corp	NVDA	1200	$ 39,836.95
Pacwest Bancorp	PACW	900	$ 41,858.05
Palo Alto Networks	PANW	200	$ 38,212.95
Planet Fitness (A Class)	PLNT	1500	$ 23,543.95
Restaurant Brands	QSR	1200	$ 43,328.95
SPDR S&P 500 ETF	SPY	500	$ 98,851.95
Stericycle Inc.	SRCL	500	$ 86,907.8
Vestas Wind Systems.	VWDRY	500	$ 10,373.95
Total Growth Fund Purchases			**$ 1,019,706.23**

APPENDIX D

STATEMENT OF OPERATIONS JULY 1, 2015 - JUNE 30, 2016

INCOME	
Dividends	$ 22,583.73
Interest	$ 84,376.63
Taxes	$ (407.36)
	$ 0
REALIZED GAIN (LOSS) ON INVESTMENTS	
Proceeds from Securities Sold	$ 16,134.15
Cost of Securities Sold	$ 873,732.14
Net Realized Gain (Loss) on Investments	**$ 889,866.29**
BEGINNING PORTFOLIO VALUE	**$ 3,309,040.67**
Income	$ 122,687.15
	$ 150,000.00
Realized Gain (Loss)	$ (11,021.74)
Unrealized Gain (Loss)	$ (97,466.29)
ENDING PORTFOLIO VALUE	**$ 3,084,544.33**
EXPENSES	
Administrative Expenses [a]	$ (97.59)
PORTFOLIO VALUE (AFTER EXPENSES)	**$3,084,446.74**

a **2013-2014 administrative expenses deducted after June 30, 2016.**

APPENDIX E

PROGRAM LECTURERS 2000-2016

Arellano, Richard C.	Equity Market Maker, Jefferies and Company, Dallas, TX. 1998, 2004.
Bryant, Charles L.	Vice-President of Marketing, Kennedy Capital Management, St. Louis, MO. Stetson graduate and Roland George Investments Program Merit Scholar (BBA 1995). 2000, 2002.
Bruce, Brian R.	CEO and Chief Investment Officer, Hillcrest Asset Management, LLC, Dallas, TX. 1998-99, 2002-05, 2007.
Castle, Frank G., C.F.A.	Andover Research/Castle Asset Management, Andover, MA.; 1998-2001 Roland and Sarah George Visiting Professor of Applied Investments. 2002.
Cinnamond, Eric, C.F.A.	Vice-President and Portfolio Manager, Intrepid Capital Management, Inc., Jacksonville, FL. Stetson graduate (BBA 1993). 2006.
Hayes, Timothy, C.M.T.	Global Equity Specialist, Ned Davis Research, Inc., Sarasota, FL. 2001-06.
Kalish, Joseph	Fixed Income Strategist, Ned Davis Research, Inc., Sarasota, FL. 2003.
Rupp, Christopher A., C.F.A.	Founder and Managing Partner, Dennard Rupp Gray & Easterly, LLC, Atlanta, GA. Stetson graduate (BBA 1993). 2000.
Schumacher, Robert C.	Director and Senior Fixed Income Portfolio Manager, Evergreen Investment Management Company, LLC, Jacksonville, FL. 1990-2007.
Serio, Michael J., C.F.A., C.A.I.A.	Managing Director, JP Morgan, Denver, CO. 1998, 2002-12.
Stovall, Robert H., C.F.A.	Managing Director, Wood Asset Management, Inc., Sarasota, FL; formerly Senior Vice President and Market Strategist, Prudential Securities, Inc., New York, NY; formerly President of Stovall Twenty-First Advisors, Inc.; CPA; panelist on PBS television's "Wall Street Week"; and columnist for Financial World magazine. 1989-2007.
Tesh, Kurt J., Jr., CFA	Consultant, Capital Resource Advisors, Atlanta, GA. Stetson graduate and Roland George Investments Program Merit Scholar (BBA 1984). 2001.
Yoder, Craig	Performance Analyst, Brinson Partners, Chicago, IL. 2002.

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