

STETSON UNIVERSITY

ROLAND GEORGE INVESTMENTS PROGRAM

ANNUAL REPORT

2016-17



STETSON UNIVERSITY

School of Business Administration

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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 LETTER

In this year's report, I decided to take a different approach. Instead of summarizing the regular activities and achievements of the Roland George Investments Program (RGIP), I would like to take this opportunity to share with you some of the experiences from the perspectives of George students and alumni. I hope this will provide a refreshing look at our program.

It's no secret that students in the Roland George Investments Program like to hold each other accountable for the success of their stock and bond pitches. If a student's stock is up on the day, they get a tip of the hat from their colleagues when they step into the investments lab. If it isn't, that student can expect playful jabs about their performance all day. But with \$3.4 million under student management, the movements of the market are no laughing matter - it's the real deal.

Working as a student analyst in the Roland George Investments Program is similar to working for an investments firm in the real world. Students entering the program quickly realize that the same standards set for brokers on Wall Street also apply to them. Co-founder and partner of Pacific Vista Advisors near San Francisco, Vitorrio Fratta '05, said there was no "real-world jolt of adjustment" when he transitioned from student to professional. "I made the transition in the George program. It took away those initial fears and anxiety of managing real money, because I had already been doing it."

So what makes the Roland George Investments Program so revolutionary in teaching finance to students? It seems clear that student-managed portfolios offer something that ordinary lecture classes simply cannot do, and that is the trial by fire. Put more simply, we provide an experiential learning opportunity like no other. With real money involved, students do not just learn how to evaluate and pitch financial securities - they live it. Just like the real world, students spend countless hours researching and developing their reports for the student Board of Trustees. However, it can be a scary proposition passing the reigns of \$3.4 million to students for the lofty purposes of encouraging experiential learning. What are the odds that the program would even be able to beat the market? One in six billion! Would you take those odds?

So how has a different group of senior greenhorn students consistently beaten its benchmark 16 years running? Look no further, the world's youngest oracles of finance and the greatest successes of experiential learning are diligently working day in and day out at Stetson University in DeLand, Florida, to beat the odds and do something that is almost statistically impossible. They win year after year as the investment program had the highest return over 500 other colleges and universities across the United States.

A real key factor of this trust is student buy-in. The George Program emphasizes the need for students to take ownership of their work and really make the portfolio their own. With full trust, no safety net stands between the students and over \$3 million in real assets. When students feel the confidence



K.C. Ma, Ph.D., C.F.A.

Director, George Investments Institute
Roland George Chair of Applied
Investments

that the school places in them, it motivates them to make the best recommendations that they can for the portfolio, and year after year, the portfolio cashes in on this one word: "trust."

Ask any of the students, and they'll give you their own opinion on the program's success.

Daniel Sprusansky, a student trustee of the portfolio puts it this way: "Student analysts in the program are driven, we are proud of our work and we are willing to put in the hours and effort necessary to develop a report that meets the highest standards set forth in our investment policy statement."

Travis Workman, another trustee adds that the technical support of the school is also crucial. Through the generous support of the endowment, the program maintains its own private trading and investment research lab complete with a Bloomberg terminal and access to financial software, including Morningstar and Baseline.

According to Jozef Nemeth, the real success of the program is attributable to the outstanding faculty. "The George Program pushes us to go above and beyond; from the first day, students know that only the best and most complete reports will be allowed to be presented. Dr. Ma turns the table on us and expects that we will teach him something whenever we walk in."

Sammi Smith adds to that by stating, "The instruction in class is always relevant; students are taught not just the process of doing a recommendation, but how to think critically about the information they gather."

Roland George students will tell you that their education and guidance is top-notch. So whether it's trust, training, skill or a combination of the three, the Roland George Investments Program's position at the top is certainly enviable.

If doing the impossible year after year is any indication of the success of these students' education, Stetson University's Roland George Investments Program is truly second to none.



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.

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 Nysten, 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.

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.



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.

GROWTH FUND REPORT

JULY 1ST, 2016 – JUNE 30TH, 2017

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.

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 this period July 1st, 2016 with \$1,803,425.73 in stocks, and \$87,273.39 in cash and cash equivalents comprising the Roland George Equity portfolio. This represents a total account value of \$1,890,699.12 million dollars. As of June 30th, 2017, our growth portfolio had stocks with a market value of \$1,726,955.19, \$46,183.80 in exchange traded funds, and \$139,471.59 in cash, representing a total account value of \$1,912,610.58.

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)

FIXED INCOME FUND STRATEGY

JULY 1ST, 2016 – JUNE 30TH, 2017

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.

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 INVESTMENT POLICY STATEMENT

We started 2016 with \$1,138,776.04 in bonds and \$55,069.17 in cash in the Roland George Fixed Income portfolio. This represents a total account value of \$1,193,845.21. The portfolio held 11 bonds and each were evaluated for swap proposals. As of June 30th, 2017, our Fixed Income portfolio has \$1,142,580 in bonds and \$185,042 in cash, representing a total account value of \$1,321,729. Our annualized return for the Fixed Income portfolio in over this period was 10.7%. Our YTD return is beating both the U.S. Treasury 10-year bond YTD return of 0.69% and the PIMCO All Shares Fund return of 1.61%.

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)

ROLAND GEORGE INVESTMENTS PROGRAM CLASS OF 2016-2017



Evan Albert



Ally Ambrose



Harold Antor



Mac Buckle



Jared Carver



Sebastian Contreras



Abigail Fucciani



Marissa Hehli



Austin Higgins



Thomas Kaufmann



Chris Landers



Kenneth Matthews



Pat Nelson



Salvatore Raitano



Hailan Castro Yan



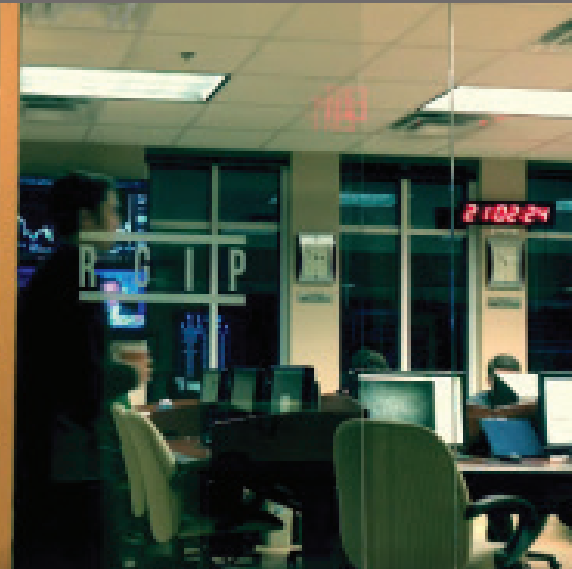
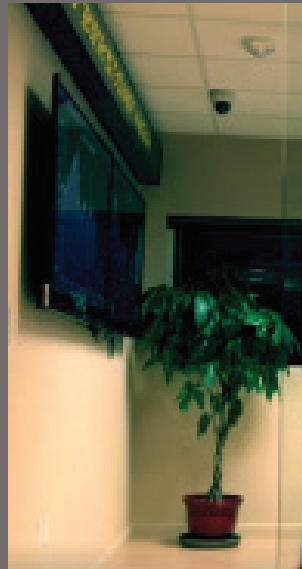
Alex Zhu



Anna Zhu



(Pictured Front Row - Left to Right): Dr. K.C. Ma, Chris Landers, Alex Zhu, Jared Carver, Abigail Fucciani, Hailan Castro Yan, Anna Zhu, Ally Ambrose, Mac Buckle, Marissa Hehli
(Pictured Back Row - Left to Right): Evan Albert, Salvatore Raitano, Austin Higgins, Sebastian Contreras, Thomas Kaufmann, Kenneth Matthews, Harold Antor, Pat Nelson

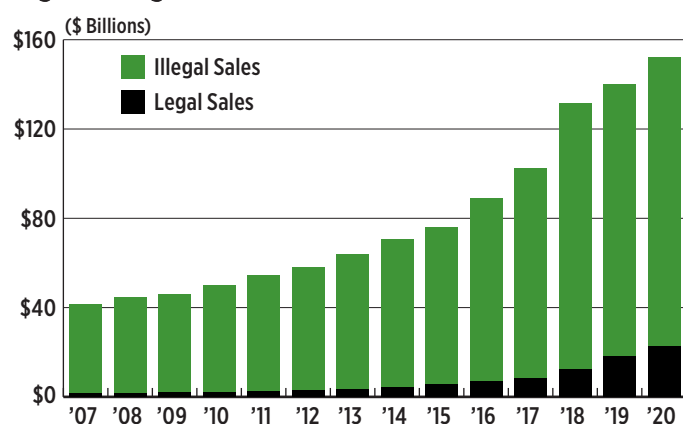


IS IT TOO EARLY TO INVEST IN CANNABIS STOCKS?

by Michael E. Goldman



Legal vs. Illegal Cannabis Sales Review



Source: DEA and USA Today

What is Medicinal Cannabis?

Medicinal cannabis, also known as medical marijuana, refers to cannabis when it is used to treat or relieve a symptom, ailment or condition with a prescription from a licensed doctor. Any cannabis containing an effective amount of active cannabinoids can be considered medicinal cannabis if used for that purpose. Reasons for a medical cannabis prescription include but are not limited to muscle spasms caused by multiple sclerosis, nausea from chemotherapy, poor appetite and weight loss caused by chronic illness such as HIV or nerve pain seizure disorders, and Crohn's disease.

Medical cannabis is only legal in the United States in 28 states and Washington DC. The only difference between medicinal and recreational cannabis is that recreational cannabis is used for recreational purposes which are more likely addictive.

Cannabinoids Are the Story

Cannabis contains hundreds of chemical substances and over 100 compounds called cannabinoids. It is the cannabinoids that are responsible for the effects of cannabis. They combine with protein molecules on the surface of cells called receptors. This system of receptors found in the human brain and throughout the body is referred to as the end cannabinoid system. Cannabinoid receptors support a number of physical functions, such as modulating brain and nerve activity, including memory and pain, energy metabolism, heart function, the immune system, and reproduction. The most common reason for prescription is for pain.

Cannabidiol, also known as CBD, is a chemical in cannabis that has a wide scope of medical applications with a lack of side effects. CBD is not to be confused with tetrahydrocannabinol, also known as THC. THC is the psychoactive chemical that people use for recreational purposes. CBD is an anti-diabetic and bone stimulant. It also reduces pain and nausea. THC increases appetite, reduces pain, and relieves spasms. Medicinal cannabis has very low percentages of THC and high percentages of CBD (Figure 2).

Figure 1: Characteristics of CBD and THC

CBD	THC
Anti- Diabetic	Psychoactive
Anti- Psychotic	Increase Appetite
Reduces Pain	Reduces Pain
Reduces Nausea	Reduces Nausea
Bone Stimulant	Relieves Spasms
Medicinal	Recreational

Source: Web MD

Why Invest in Medicinal Cannabis?

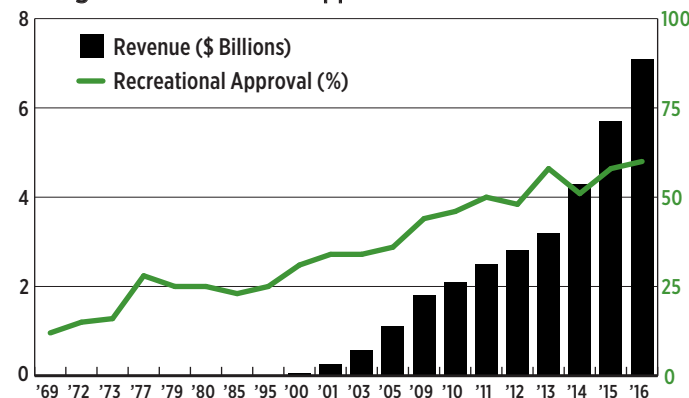
First-Time “Legalized Addiction”

Cannabis has been consumed for thousands of years dating back to the early days of the Ancient Greeks in 440 BC. Humans have a natural tendency to become addicted to substances that they can use for medicinal or recreational purposes. For the first time in history, cannabis is becoming legal for medicinal and recreational use in the United States and Canada. It is becoming one of the most rapidly growing industries that the market has yet to see.

Major Shift in Public Sentiment Toward Cannabis

Recent polls conducted by Gallup suggest that 80% of Americans approve the legal access to medical cannabis and 60% approve the recreational legalization. To put this in perspective, in 1969, the approval for medicinal cannabis was only 10%. The documented beneficial uses for medicinal cannabis have been the main reason for this massive increase of approval. It is not a coincidence that the increase in approval corresponds to the speed of legalization of medical cannabis (Figures 6-9) and the significant growth in industry revenue (Figure 3).

Figure 3: Recreational Approval vs. Revenue



Growing Demand for Pain Management Alternatives

Approximately one in five Canadians suffer from chronic pain, which is currently primarily treated through the use of prescription opioid medications. Opioids are considered effective, but also pose risks of abuse and addiction. Physicians are under increasing pressure to rely on them less. The U.S. has seen a 25% decrease in opioid overdose mortality in states that allow the use of medical cannabis.

Supply Shift from Black Market to Legal Market

The black market for cannabis in the United States is on average 90 times larger than the legal market. For the last 10 years, legal cannabis sales only accounted for 3-8% of the total cannabis market in the United States. Since only eight states have legalized recreational cannabis, the result is that the majority of cannabis is sold illegally. The difference between the total amount of cannabis sold and the total

amount of legal cannabis sold is the potential revenue that the United States can gain from legalization. In 2016, the total legal cannabis sale was \$7.1 billion compared to the total illegal and legal sales of \$87 billion. The \$80 billion difference is how much the United States could have made if cannabis was legal nationwide last year (Figure 4).

Figure 4: Legal vs. Illegal Revenue (\$B)

Year	Legal	Illegal	Total
'07	1.5	40.2	41.7
'08	1.7	43.0	44.7
'09	1.8	44.4	46.2
'10	2.1	47.9	50.0
'11	2.5	51.8	54.3
'12	2.8	55.5	58.3
'13	3.2	60.8	64.0
'14	4.3	66.2	70.5
'15	5.7	70.3	76.0
'16	7.1	81.7	88.8
'17	8.5	93.9	102.4
'18	12.5	119.1	131.6
'19	18.2	121.8	140.0
'20	22.8	129.2	152.0

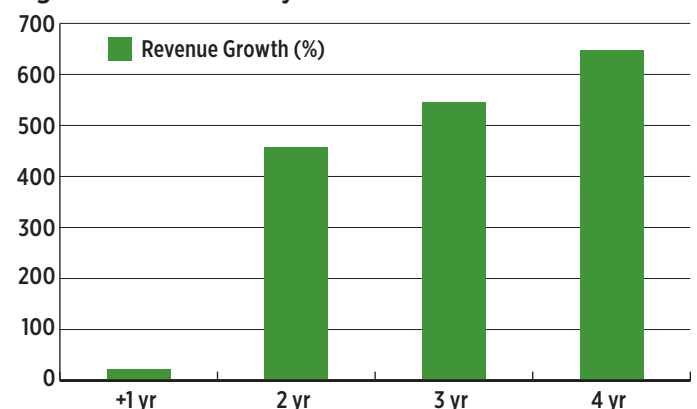
Early-Entry Monopolistic Industry

The cannabis industry is still in its infant stage. Young industries come with a lot of regulations, licensing, fees, and laws protecting the future of the industry. It is difficult to start a company in the cannabis industry due to the heavy regulations. It is virtually a monopoly because there is an enormous market entry barrier for companies to overcome. In Canada, there are only 23 licensed producers of medicinal cannabis.

U.S. Legalization Process Speeds Up

In the United States, cannabis has been taboo since it was prohibited in 1937 on the federal level. Ever since California legalized cannabis for medicinal purposes in 1996, states have been speeding up the pace of the legalization. Between 2012 and 2014, seven states have been legalized cannabis for medicinal use and four for recreational use (Figures 8 & 9). As a result, the revenue growth is 15% and 35% for 2013 and 2014, respectively.

Figure 5: Revenue Delay



States' legalization creates a one or two-year delay in generating revenue. Once it gets legalized, sales do not begin until 12 to 18 months later. In 2016, four states legalized cannabis for recreational use and six for medicinal use. This has been the largest increase of state legalization in the history of cannabis. The revenue estimated in 2017 is expected to be \$8.5 billion, which is a 20% increase from 2016, and a 47% increase from 2015. This is a result of a large number of states legalizing cannabis in 2016.

**Figure 6: Potential Medicinal States
Forthcoming Medicinal Legalization**

Year	State(s)
2020	Georgia, Indiana
2021	Virginia, Wisconsin
2022	West Virginia
2024	Alabama, Kansas, Nebraska, North Carolina
2025	Mississippi, Missouri
2026	Kentucky, South Carolina, Tennessee, Wyoming
2027	Idaho, Iowa, Texas, Utah
2028	Oklahoma

Source: www.ncsl.org

**Figure 7: Potential Recreational States
Forthcoming Recreational Legalization**

Year	State(s)
2018	Connecticut, Delaware
2019	Hawaii, Rhode Island
2020	Arizona
2022	Michigan, Montana, New Jersey, Vermont
2023	New Hampshire, Minnesota
2024	Maryland, New Mexico, New York, Pennsylvania
2027	Illinois, Florida, North Dakota, Ohio
2028	Arkansas, Louisiana

Source: www.ncsl.org

Forthcoming Legalization

In 2017, six states may legalize cannabis (two for medicinal use and four for recreational use), and two more states for each purpose in 2018 (Figures 6 & 7). This is the basis for the 46% forecast increase of revenue for 2019, which is expected to reach \$18.2 billion.

Figure 8: Medicinal States - Already Medicinally Legal

Year	State(s)
1996	California
1998	Oregon, Washington
1999	Maine
2000	Colorado, Hawaii
2004	Montana
2006	Rhode Island
2007	Alaska, New Mexico
2008	Michigan
2010	Arizona, New Jersey
2011	Delaware
2012	Connecticut, Massachusetts, Nevada
2013	Illinois, Maryland, New Hampshire
2014	Minnesota, New York
2015	Louisiana, Vermont
2016	Arkansas, Florida, North Dakota, Ohio, Pennsylvania

Source: www.ncsl.org

**Figure 9: Recreational States
Already Recreationally Legal**

Year	State(s)
2012	Colorado, Washington
2014	Alaska, Oregon
2016	California, Maine, Nevada

Source: www.ncsl.org

For the 10-year period between 2000 and 2010, for every new state legalizing cannabis, the revenue would increase approximately 50%. As more and more states start legalizing cannabis, revenue is estimated to increase 24% annually between 2020 and 2026.

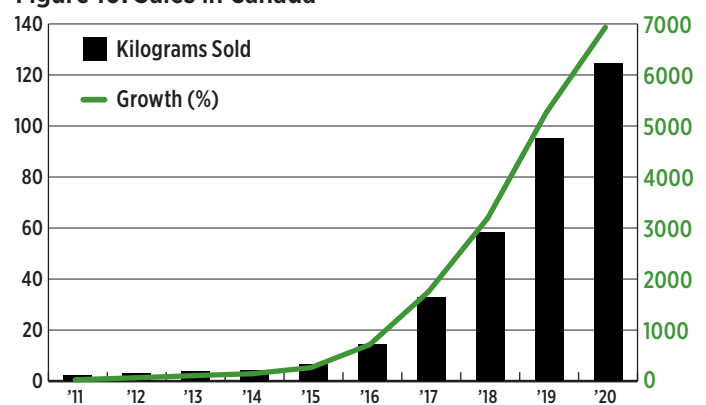
By 2026, 43 states are expected to legalize cannabis for medicinal purposes, and 23 states for recreational use. Total revenue will reach \$79 billion, which is a 1,000% increase from 2016's revenue.

Rapid Increase of Medical Cannabis Patients

The number of patients registered for medicinal cannabis in Canada has increased approximately 1,200% over the last two years. This is due to the nationwide legalization of medicinal cannabis and the amount of successful medicines from CBD that are newly available.

Therefore, the amount of kilograms sold in Canada has risen proportionally to the amount of patients that have signed up under Health Canada. For the last five years, the amount of kilograms of cannabis sold has grown 715% (Figure 10). It is estimated that the amount of kilograms sold in 2017 will double the amount in 2016. The demand for medicinal cannabis in Canada far exceeds what the licensed producers can provide at the current capacity.

Figure 10: Sales in Canada



Source: Gallup Poll and Bloomberg

In short, just two years prior to Canada becoming the first G7 nation to fully legalize cannabis use, the industry has already seen explosive growth (Figure 10). And it is estimated that the total sales in Canada are about the same as California. No wonder every single graph we show above seems to suggest that the sky is the limit.

As a result, an investable and tradeable Cannabis Index is created to monetize the legalization of cannabis use. The Index includes the following three socks:

GW Pharmaceuticals (NASDAQ:GWPH)

Business Description: GW Pharmaceuticals plc is a biopharmaceutical company focused on developing and commercializing therapeutics from its cannabinoid product platform in a range of disease areas. The company's lead cannabinoid product candidate is Epidiolex, which is a liquid formulation of pure plant-derived cannabidiol (CBD). The company offers Sativex for the treatment of spasticity from multiple sclerosis. GWPH can be seen as a takeover company for other big pharma companies with failing cannabinoid drugs.

Revenue Breakdown: The company operates through three segments: Commercial, Sativex Research and Development, and Pipeline Research and Development. The Commercial segment distributes and sells the company's commercial products. The Sativex Research and Development segment seeks to maximize the potential of Sativex through the development of new indications. The Pipeline Research and Development segment seeks to develop cannabinoid medications other than Sativex across a range of therapeutic areas using its cannabinoid technology platform. If Epidiolex can break the \$1 billion mark, the drug can be a blockbuster, putting it in rare territory. In 2015, only 11 new drugs entered blockbuster status and seven in 2016. GW Pharma is in a league of its own when it comes to cannabidiol treatment for epilepsy; no other company has a drug in the pipelines like GW.

Products and Services: GW's Epidiolex is currently in Phase 3 trials and should expect an FDA ruling by the end of 2017. Epidiolex has huge revenue potentials in being one of the first medical cannabis treatments for epilepsy, among other potential applications. Epidiolex has performed well under rigorous testing. For example, at the American Society of Epilepsy Conference in December, GW revealed that Epidiolex cannabidiol reduced seizure frequency by more than 50% in 44.2% of recipients. The drug is currently in Phase 3 trials for both tuberous sclerosis complex, a genetic brain cancer that affects 40,000 people in the U.S. and up to 2 million globally, and for infantile spasms. Assuming an FDA approval for Epidiolex, analysts are projecting annual sales between \$800 million and \$3 billion.

GWP42006 (CBDV) is at Phase 2 for both adult partial onset epilepsy and autism. Clinical trials are proceeding for its use in autism spectrum disorder, which is said to affect in some way one out of 68 children. Phase 2 trials are expected to begin in Q3 2017. Further data is expected to be announced by the company in mid-2017 for the epilepsy study. GWP42003 is at Phase 1 for Neonatal Hypoxic-Ischemic Encephalopathy (NHIE). Sativex is a combination of THC and CBD with other specific minor cannabinoids. It is already approved for prescription in 30 countries, but excluding the U.S. It has approvals pending in a further 12 countries. Sativex is used to treat spasticity caused by multiple sclerosis. Its sales have so far been somewhat disappointing, but did rise from £4.2 million to £5.2 million in the past year.

GW Pharma is the most established and well-known company by market cap, within the index and sets itself apart by being the first pharmaceutical company to create cannabinoid oil to combat many health issues. GW Pharma has successfully been growing its revenues at an average annual rate of 12%. This is by far the highest compound annual growth rate of any large and established company in the medicinal cannabis industry and makes it an acquisition target for larger companies to boost their inorganic growth. Consistently beating expectations for the past four quarters, GW Pharma has proven that it is able to sustainably and explosively grow and compete.

Aphria, Inc. (OTCQB:APHQF)

Business Description: Aphria, Inc. is a Canadian-based company, which is involved in producing and selling medical cannabis. The company's retail sales are mainly sold through its online store, as well as telephone orders. Its wholesale shipments are sold to other Medical Purposes Regulations Licensed Producers. The company is also involved in the research and development and commercial production of cannabis oil. Aphria is the first publicly traded LP to report positive earnings in consecutive quarters.

Facility Expansion: Aphria just finished step two in a four-step expansion project to build a 1,000,000-square-foot cannabis cultivation facility producing 70,000 kilograms of dried cannabis every year. In October 2016, Aphria announced a contract with MassRoots to build brand awareness among its Canadian user base in return for per-patient referral fees. MassRoots is positioned as "the social platform for marijuana" and has over 900,000 users.

International Expansion: In October 2016, the company announced an agreement with Copperstate Farms LLC under which Aphria will share its greenhouse growing knowledge in return for an ownership stake in Copperstate, a licensed producer based in Arizona. It owns a 10% membership in the parent company, and a 5% membership interest in the operating subsidiary. Up-listing to the TSX Index will make Aphria a component in most Canadian index funds, such as the iShares MSCI Canada ETF (NYSEARCA:EWC).

While Aphria operates 100% in the Canadian medicinal cannabis market, its two largest competitors are Aurora Cannabis (OTCQX:ACBFF) and CanniMed Therapeutics (OTC:CMMDF). Both are listed under Health Canada's Access to Cannabis for Medical Purposes Regulations. Aphria has 340,000 square feet of expansion space, which is tied for the largest expansion space with Tweed, Inc. This is a necessity in this industry due to the lack of supply for the growing demand of medicinal cannabis in Canada.

Strong EBITDA: Aphria's revenue grew 13% in the past quarter. This is the company's second consecutive quarter with EBITDA greater than \$1 million. The EBITDA growth reflects the company's continued focus on its low cost producer status and industry leading patient care. The low cost for production can have some major profit margins for the near and far future of the company's growth.

Revenue Growth: Aphria has experienced very rapid revenue growth in its two years of generating revenue; within the first year, it increased revenues by 1,200% year to year and is on track to achieve this significant growth again in 2017. Average annual revenue has increased by 62%.

EPS Growth: Earnings per share for Aphria have been historically negative until the second quarter of 2016 when it was reported that it had earnings of \$0. For the following four quarters, Aphria posted positive earnings. For the past eight quarters, earnings per share have increased 42% on average, fluctuating between $-\$0.05$ and $\$0.02$. Expected earnings per share over the next four quarters is 4 cents, which is 4 times as much as it has grown in the most recent seven quarters.

Canopy Growth Corporation (OTCPK:TWMJF)

Business Description: Canopy Growth Corporation, formerly Tweed Marijuana, Inc., is a diversified cannabis company. The company is engaged in the business of producing and selling legal marijuana in the Canadian medical market. It is also focusing on producing and selling marijuana in the recreational market in Canada. Its core brands are Tweed and Bedrocan. Tweed is a licensed producer of medical marijuana. Tweed's commercial license covers approximately 168,000 square feet of its Smiths Falls facility and allows Tweed to produce and sell approximately 3,540 kilograms of medical marijuana per year.

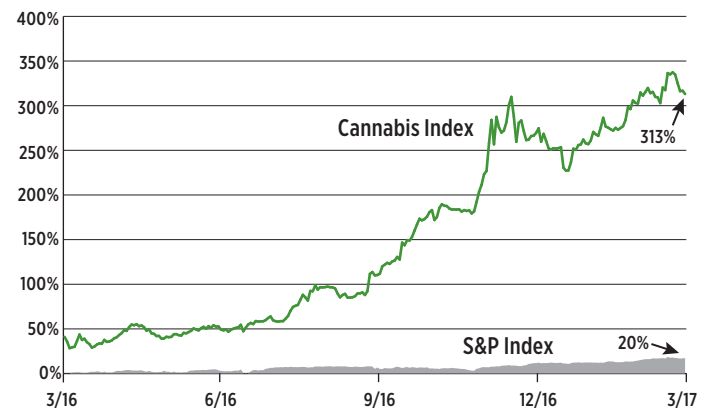
Production: Canopy operates four production facilities located in Ontario using a combination of indoor and greenhouse growing methods. The company is currently licensed for annual production of 14,500 kg of dried cannabis and 6,700 kg of cannabis oil, representing over 7M milliliters of finished cannabis oil. Ongoing expansions efforts could add another 16,000 kg of annual production capacity. Tweed Farms is the largest marijuana-producing greenhouse in the world, certainly legally that we've ever come across, with over 350,000 square feet of licensed cannabis production space.

Mettrum Acquisition Expands Market Position: In January 2017, the company acquired Mettrum Health for \$335M in stock. Mettrum is a licensed producer of medical cannabis and industrial hemp-based products. The company currently produces approximately 16 strains from a genetic library of over 60 strains, which it refers to as the Mettrum Spectrum. It received its first license in November 2013, and began selling in January 2014. Prior to its acquisition by Canopy, Mettrum was working towards an annual capacity target of 25,000 kg by March 2018.

Revenue Growth: Historical revenue growth for Canopy has been 80% from quarter to quarter since its start. In 2016, revenue has increased 270% from \$6.18 million to \$22.91 million. Canopy has the fastest growth in its industry. The revenue has grown 4,200% since June of 2014. Just last three quarters, Canopy's revenue has grown over 425%. It is estimated that revenue would grow an average of 34% quarter to quarter for the next four quarters. The estimated revenue for the next four quarters is \$68.7 million compared to the most recent four quarters' revenue of \$22.9 million. The revenue will increase at a rate of 200% annually and the earnings at a rate of 142% quarterly.

Our valuations suggest that APHQB has a \$8 target price vs. the current price at \$4.9. TWMJF's target price is \$13 with a price at \$8.16. GWPH's target price is \$160 with a current price at \$120. Combining the three stocks equally weighted into a Cannabis Index, the Index has delivered over 300% in the past year (see figure below).

Figure 11: Cannabis Index



APPENDIX A

SUMMARY OF 37-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
6/30/17	\$ 1,321,729.28	\$ 1,912,610.58	\$ 3,234,339.86	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, 2017

Growth Fund – COMMON STOCKS

DESCRIPTION	SYMBOL	UNITS	MARKET VALUE
AEROVIRONMENT INC	AVAV	500	19,100.00
AIR LEASE CORP	AL	1200	44,832.00
ALTRIA GROUP INC	MO	1615	120,269.05
AMAZON COM INC	AMZN	119	115,192.00
AMBARELLA INC	AMBA	100	4,855.00
AMERICAN INTL GROUP	AIG	1400	87,528.00
APHRIA INC	APHQF	5700	23,370.00
BANK OF AMERICA CORP	BAC	3456	83,842.56
CANOPY GROWTH CORP	TWMJF	4700	28,802.07
CHEVRON CORPORATION	CVX	500	52,165.00
DRONE AVIATION HLDG	DRNE	800	1,136.00
ELBIT SYSTEMS LTD	ESLT	122	15,097.50
GW PHARMACEUTIC PLC	GWPH	300	30,075.00
I X Y S CORPORATION	IXYS	1,000	16,450.00
LUXOTTICA GRP SPA	LUXTY	1,200	69,936.00
MATCH GROUP INC	MTCH	4580	79,600.40
NVIDIA CORP	NVDA	800	115,648.00
NXP SEMICONDUCTORS		138	15,104.10
ORACLE CORPORATION	ORCL	456	22,863.84
PACWEST BANCORP	PACW	900	42,030.00
PARROT SA	PAOTF	1	10.79
PHOTRONICS INC	PLAB	1393	13,094.20
PLANET FITNESS INC	PLNT	1500	35,010.00
RESTAURANT BRANDS	QSR	1200	75,048.00
SALESFORCE COM	CRM	239	20,697.40
SERVICE CORP INTL	SCI	2678	89,579.10
STMICROELECTRONICS		911	13,100.18
TRIMBLE INC	TRMB	400	14,268.00
VISA INC		1248	117,037.44
VULCAN MATERIALS COM	VMC	548	69,420.64
VUZIX CORP	VUZI	3888	25,466.40
WALT DISNEY CO	DIS	1300	138,125.00
ZENDESK INC	ZEN	1314	36,502.92
ZOETIS INC	ZTS	1470	91,698.60

Total Securities **\$ 1,803,425.73**

Total Cash Equivalents **\$ 87,273.39**

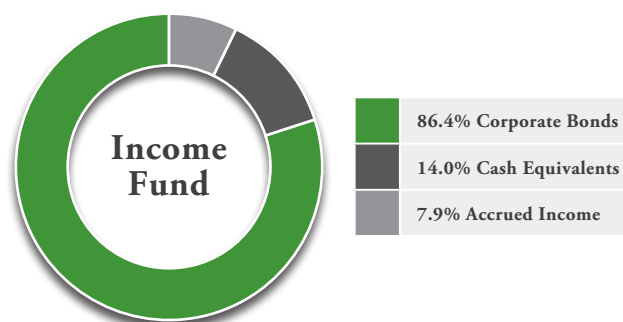
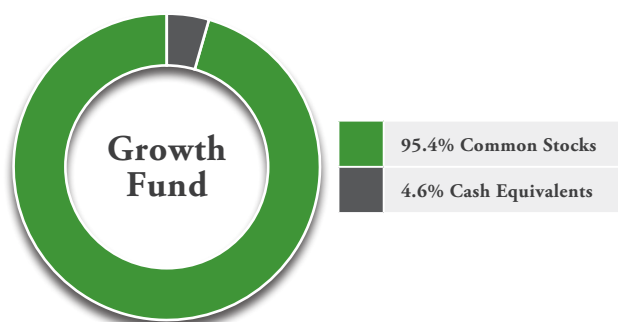
TOTAL GROWTH FUNDS ASSETS **\$ 1,890,699.12**

APPENDIX B

PORTFOLIO ASSETS JUNE 30, 2017

Fixed Income Fund – CORPORATE BONDS

DESCRIPTION	SYMBOL	UNITS	MARKET VALUE
AIRCASTLE	AYR	1000	\$ 113,125
ALLY FINANCIAL	ALLY	1000	\$ 113,750
FRONTIER COMM	FTR	1000	\$ 83,375
GULFPORT ENERGY	GLF	1,000	\$ 100,500
MICRON TECHNOLOGY	MU	500	\$ 52,625
SPRINT CORPORATION	S	500	\$ 57,500
JEFFERIES GROUP	JEF	1000	\$ 109,226
PIMCO ACTIVE BOND ETF	BOND	1000	\$ 106,040
PIMCO 0-5 YEAR HIGH YLD	HYS	1881	\$ 190,658
SPDR S&P 500 ETF	SPY	423	\$ 102,281
RR DONNELLEY & SON	RRD	1000	\$ 113,500
Total Corporate Bonds			\$ 1,142,580.00
Total Cash Equivalents			\$ 185,042.10
Accrued Income			\$ 104,186.58
TOTAL FIXED INCOME FUND ASSETS			\$ 1,321,729.28
TOTAL GROWTH FUND ASSETS			\$ 1,890,699.12
TOTAL PORTFOLIO ASSETS			\$ 3,212,428.40



APPENDIX C

TRANSACTIONS

JULY 1, 2016 - JUNE 30, 2017

Sales - GROWTH FUND

DESCRIPTION	SYMBOL	UNITS	MARKET VALUE
SPDR S&P 500 ETF	SPY	3000	687883.61
AMERICAN TOWER CORP REIT	AMT	805	91527.76
IRIDIUM COMMUNICATN	IRDM	9224	86481.97
STERICYCLE INC	SRCL	700	52463.91
BAIDU INC FSPONSORED ADR...	BIDU	230	40863.16
NVIDIA CORP	NVDA	400	38726.21
VISTA OUTDOOR INC	VSTO	1741	36398.54
ALEXION PHARMA INC	ALXN	220	27906.04
BRIGHT HORIZON FAM	BFAM	1200	85071.2
ROYAL CARIBBEAN CRUI F	RCL	850	82260.05
ENVISION HEALTHCARE	EVHC	1565	107224.31
UNDER ARMOUR INC CLASS C	UAC	2318	83375.23
CORESITE REALTY CORP REI...	COR	1400	98648.9
VESTAS WIND SYS A/S FUNDS...	VWDRY	500	9945.83
SPDR S&P 500 ETF	SPY	1000	220181.25
ADVANCE AUTO PARTS	AAP	500	74209.43
WHITEWAVE FOODS	WWAV	1000	55460.84
HEXCEL CORP	HXL	1500	65389.62
PALO ALTO NETWORKS	PANW	200	29928.4
SIGNET JEWELERS LTD F	SIG	656	51892.64

Total Growth Fund Sales

\$ 2,025,838.90

APPENDIX C

TRANSACTIONS

JULY 1, 2016 - JUNE 30, 2017

Purchases - GROWTH FUND

DESCRIPTION	SYMBOL	UNITS	MARKET VALUE
AMAZON COM INC	AMZN	119	100657.57
APHRIA INC F	APHQF	5700	27959.95
AEROVIRONMENT INC	AVAV	500	\$12,233.80
BANK OF AMERICA CORP	BAC	3,456	\$69,992.95
SALESFORCE COM	CRM	239	\$17,869.42
ELBIT SYSTEMS LTD F	ESLT	120	11429.35
GW PHARMACEUTIC PLC FSPO...	GWPH	300	\$36,300.90
MATCH GROUP INC	MTCH	4,580	81,851
NXP SEMICONDUCTORS F	NXPI	138	\$13,929.55
ORACLE CORPORATION	ORCL	456	\$17,496.55
PARROT SA ORDF	PAOTF	1	\$70.08
PHOTRONICS INC	PLAB	1,393	\$13,966.81
SERVICE CORP INTL	SCI	2,678	\$70,010.26
SPDR S&P 500 ETF	SPY	3191	732001.74
CANOPY GROWTH CORPOR F	TWMJF	4700	36166.02
VULCAN MATERIALS COM	VMC	548	\$69,939.23
VISTA OUTDOOR INC	VSTO	1,741	\$69,921.24
VUZIX CORP	VUZI	3,888	27,984
ZENDESK INC	ZEN	1,314	34,961
ZOETIS INC CLASS A	ZTS	1470	80177.25

Total Growth Fund Purchases

\$ \$1,524,919.14

APPENDIX C

TRANSACTIONS

JULY 1, 2016 - JUNE 30, 2017

Fixed Transactions - GROWTH FUND

Sales

DESCRIPTION	SYMBOL	UNITS	STOCK PRICE	MARKET VALUE
CALUMET SPECIAL 7.625%22...	CLMT	100,000	\$86.90	\$ 89,335.76
GULFMARK OFFSHO 6.375%22...	GLF	100,000	\$51.15	\$ 51,150.00
CLEAR CHANNEL HLD 6.5%22...	CCO	100,000	\$103.48	\$ 106,423.06

Purchases

DESCRIPTION	SYMBOL	UNITS	STOCK PRICE	MARKET VALUE
GULFPORT ENERGY 6.625%23...	GLF	50,000	\$102.10	(\$ 51,132.81)
SPRINT CORPORAT 7.625%25...	S	50,000	\$111.60	(\$ 56,626.04)
MICRON TECHNOLOGY 5.5%25...	MU	50,000	\$105.10	(\$ 53,252.78)
GULFPORT ENERGY 6.625%23...	GLF	50,000	\$101.85	(\$ 50,943.40)
JEFFERIES GROUP 6.25%36 ...	JEF	100,000	\$107.07	(\$ 108,942.00)
SPDR S&P 500 ETF	SPY	423	\$236.30	(\$ 99,960.37)

APPENDIX D

STATEMENT OF OPERATIONS

JULY 1, 2016 - JUNE 30, 2017

INCOME	
Dividends	\$ 42,065.97
Interest	\$ 62,695.73
Taxes	(\$ 575.12)
	\$ 104,186.58
REALIZED GAIN (LOSS) ON INVESTMENTS	
Proceeds from Securities Sold	\$ 2,262,484.98
Cost of Securities Sold	\$ 2,270,736.90
Net Realized Gain (Loss) on Investments	(\$ 8,251.92)
BEGINNING PORTFOLIO VALUE	\$3,084,544.44
Income	\$104,186.58
ENDING PORTFOLIO VALUE	\$ 3,180,479.10
EXPENSES	
Fees	(\$ 37.35)
PORTFOLIO VALUE (AFTER EXPENSES)	\$ 3,180,441.75

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.

STETSONUNIVERSITY

SCHOOL OF BUSINESS ADMINISTRATION

Roland George Investments Program

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