George Inve$tment View

Fall, 1994 Volume 1, Number 1

CONGRATULATIONS! In your hands is the first edition of the *George Investment View.*

The *George Investment View* is unique in that it is produced by participants in the Roland George Investments Program at Stetson University. This program combines the wealth of knowledge from some of the best investment experts in the international community, the experience acquired by managing an investment portfolio of approximately $2 million, and the academic foundation provided by Stetson University.

Each issue of the *George Investment View* will offer special insights into recent market developments and what the future might hold for investors. Within these pages, articles appear on the important developments in the domestic and global financial markets. Arguments for both Bearish and Bullish market outlooks are presented, in order to help all clarify their expectations of future returns in various markets.

For some months, our analysts have taken the position that portfolio returns would be driven by individual security selection rather than by the market as a whole. Individual stocks might do well, while the stock market may waver, or decline.

For that reason, we include in this issue, and will in future issues, some specific stock ideas. These ideas may provide a fruitful source of ideas for future research for investors that pride themselves in their ability to find under valued stocks.

Individual stocks chosen for review by our analysts must meet high standards of financial performance. Our process of stock selection targets smaller, youthful entities that have not yet reached their full business, or market, potential. Most, we suspect, will be firms with which few are familiar, and for that reason we recommend contacting the companies for additional information.

A global investment orientation is a growing reality for the successful investor of today, and more importantly for the future. Many of the global picks by our analysts have been extremely rewarding. One fund chosen, the Chile Fund, rose 50% in the past year.

We hope that you find the *George Investment View* both informative and insightful.

Our analysts will strive to pass on ideas and understandings of the dynamic investment environment that will be rewarding.

However, as learning is our primary purpose, some may become "educational experiences." At the same time, ideas and comments of readers are sincerely welcome.

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Review of Market Action

As the trading year began in 1994, large gains were realized as the S&P 500 soared in January and the Dow Jones Industrial Average was flirting with the 4000 level. For a brief period, the bull rally of 1993 looked as if it would continue through 1994 despite an arguably overvalued market. One contributing factor for the big rally in January was due to the enormous inflows of money into mutual funds. While CD's and money market accounts offered low rates, the equity market provided the potential for much larger gains. However, the gains that were realized in January were soon lost as the market started a downward trend in February.

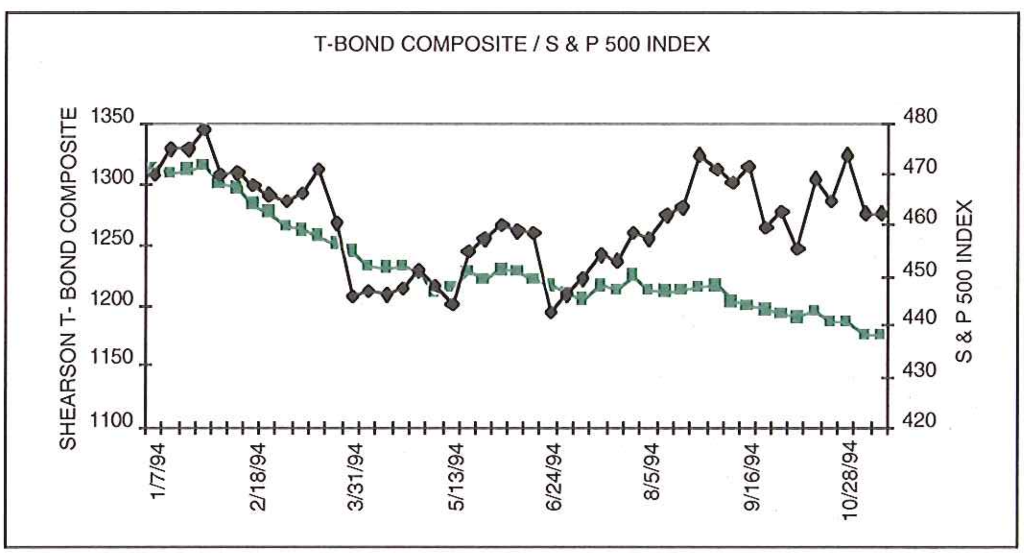
The market correction was triggered by the first interest rate hike on February 4 by the Federal Reserve (FED). The FED was responding to leading inflation indicators and also to rising capacity utilization rates, which were reaching levels that in the past triggered wage inflation. Since February, long term interest rates have risen at one of the fastest rates in history. The FED raised interest rates six times through November 1994, which increased the Federal Funds and discount rates by a total of 2.5%.

With rising of interest rates, the bond market declined steadily during the year of 1994. Generally, the stock market moves in the same direction as the bond market. This relationship held true as the stock market declined until June.

However, beginning in July the equity markets decoupled from the bond market and started an upward trend. From July to late August, the market staged a comeback rally which came within a few percentage points of reaching the February highs. This rally broke the connection between the equity and bond markets. However, the market has since given back about half of that gain. The last 75 basis point interest hike on November 17 seems to have placed additional pressure on stocks. Investors have started to change asset allocations toward fixed income instruments which are offering attractive yields. The 30 year Treasury Bond has offered in excess of an 8% yield since late November.

Although the major stock market averages have moved sideways this year, the broader market has been correcting to a much greater extent. Smaller issues have especially suffered. Also, since earnings in general have been strong this year, PE's have had a significant contraction. In summary, the market has held up reasonably well this year largely due to the strong influx of new money into stock mutual funds.

by Matt Indiano and Mark Adams



BULLISH ON STOCKS

Over the last year, the Dow Jones Industrial Average (DJIA) reached record levels, then a quick correction reduced many excesses. After the correction, an upward trend developed due to a recovering economy and many companies reporting excellent profits as a result of the recovery. Any perusal of the financial pages of major newspapers will reveal how companies' profits have surged to record levels. Many companies have posted record earnings, but more importantly beyond analysts' expectations. A continuation of earning surprises should help push the Dow to 4,000 and beyond.

The economic and political climates also appear to be conducive to further growth in both the economy and corporate earnings. With the lack of inflation, partly due to the Federal Reserve interest rate increases, prices and wages have been relatively flat. Combine this with a Republican victory this past election day and an economic upswing in Europe, and you have the recipe for both greater sales and profits for U.S. companies.

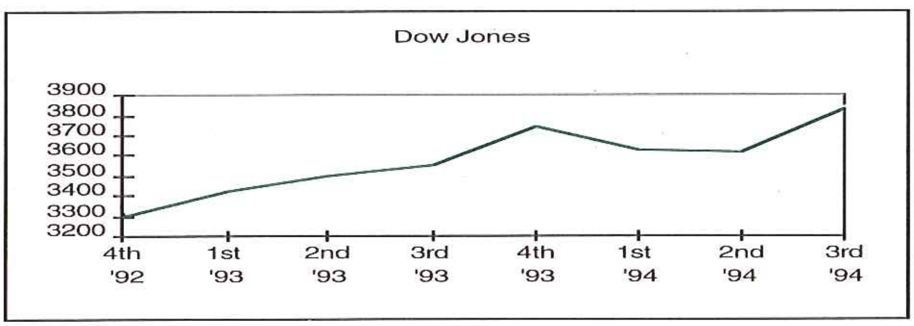
One point that should not be forgotten is the major corporate down-sizings that took place in this past recession. As a result of these actions, most U.S. companies are more efficient and cost conscious which will propel earnings to levels never previously attainable.

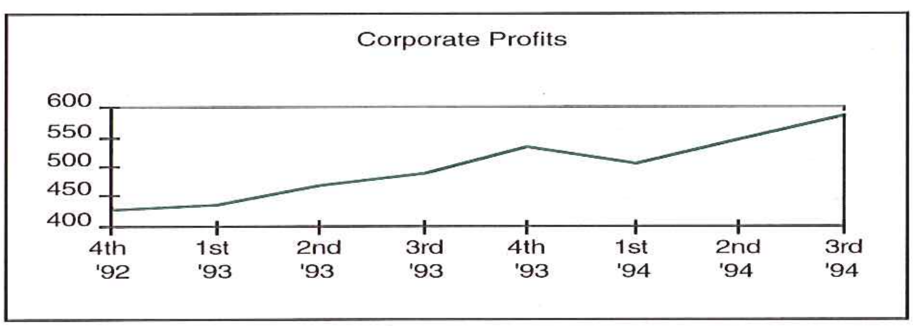
In December, the S&P 500 was trading at a P/E of 16.6x, not an extreme. As companies continue to earn more than expected, this ratio will decrease. With estimates for the S&P 500 earnings of $36.00 in 1995 and an average P/E multiple of 14x, a fair value for this index would be 504. Should the market move to this level, investors would earn a total return in excess of 13%. Investors seeking profitable opportunities should, therefore, maintain participation in the stock market.

As the graphs show, the DJIA has almost mirrored corporate profits over the last few quarters. As this trend of profits continues upward, the Dow should rise.

Finally, most investors consider the Republican control of Congress as a positive, rightly or wrongly. Since emotions drive investors to a considerable extent, the stock market may ride the elephant in 1995 to higher peaks, as did Hannibal.

by Marcus Ricciani and Matt Indiano





Bearish on Stocks

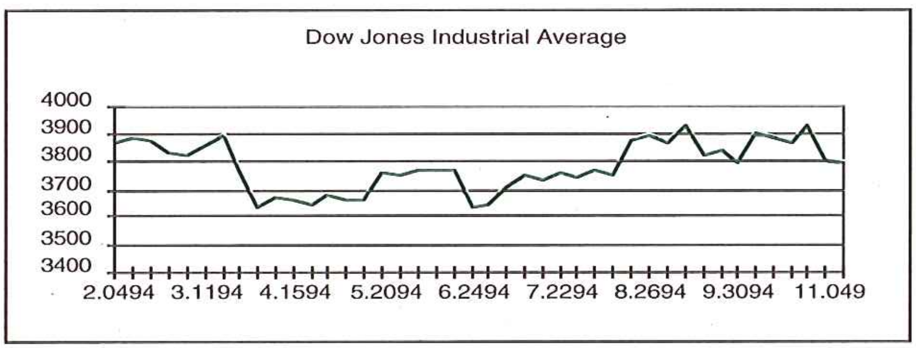
	Feb. 1, 1994	Current	Change
Dow Jones Industrial Average	3964	3740	-6%
S&P 500 Stock Index	480	453	-6
NASDAQ Composite	792	740	-7
90-day T-Bills	3.09%	5.55%	+80
Long-Term Treasury	6.42%	8.10%	+26
Dividend Yield-Stock	2.7%	2.9%	

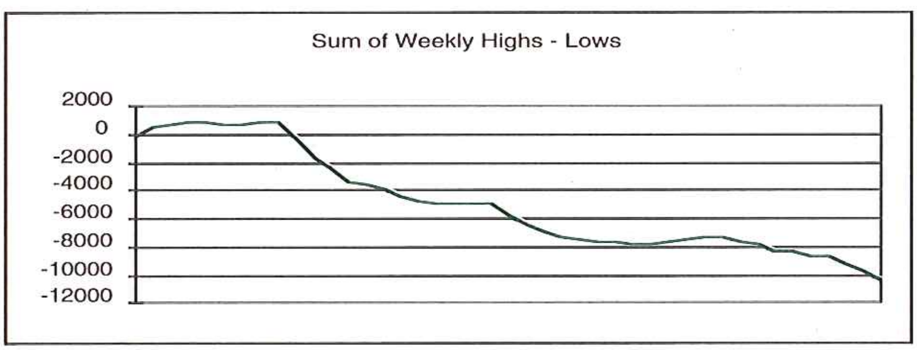
Today's young traders and investment managers have only lived through half of the market cycle. Of all the brokers on Wall Street half have been trained and hired during the last thirteen years of a bull market. Their only known grizzly opponent is a mere three days of falling prices. Pay attention however, for it is just about time for our novice investors' second training session titled "What to do in Bear Market."

Since August of 1981, interest rates have been on a steady downward track. Thusly the predominant experience of money managers, one can say, has been limited and narrow in scope. Because memory of past cycles fades, today's market is but one word — ***risky***!

Events in recent months, with the yen breaking above 100 for the first time since World War II and the Federal Reserve playing our economy's god, create an uncomfortable situation for investors with "narrow" experience. The direction of inflation is still an unknown and until it is, a higher proportion of liquidity in a portfolio is recommended.

Do not ignore history! Those who believe that the Federal Reserve's interest rate increases have eliminated future problems and that economic growth will be slowed enough to avoid inflation, yet grow fast enough to maintain the revival of the bull market in US stocks are about to be sadly retrained. The Federal Reserve has tightened thirteen times since World War II and nine out of the thirteen times they have continued to tighten until a recession resulted. Despite their efforts to skirt inflation's path the Fed causes the public to anticipate further interest rate increases and in turn locks themselves into these rate-hike business-bust cycles doing so. With defense cuts, tax increases, and economic tightening, one can clearly anticipate a genuine bear market in the U.S.





Referring to the chart data, the Dow Jones Industrial Average has yet to significantly react to interest rate activity. However, when looking at the sum of weekly highs and lows for the total market there has been nothing *but* reaction in a negative correlation to the interest rate hikes.

The only consolation our bull friends have is time. This may be a day or a couple of months. But soon enough, they too will come crashing down to join their more obedient market companions. And when they do, we will all act shocked and wonder "what possibly could have caused this?!"

by Christie Houmes

TCA Cable TV (TCAT)

Formed in 1981, TCA Cable TV, Inc. develops, operates, and manages cable television systems. As of January, 1994, TCA owned or managed 53 cable systems serving some 457,061 basic subscribers. Systems are located primarily in smaller markets in Arkansas, Idaho, Louisiana, Mississippi, Missouri, New Mexico, and Texas where over-the-air television reception is unsatisfactory.

The new Federal Communication Commission rules regulating customer rates and channel offerings went into effect April of 1993. Under this new law, local franchising authorities may regulate "basic" service rates. They could not regulate the rates charged for premium channels like HBO, Cinemax, Playboy, and such. The announcement of this new rule hurt the cable industry. Many of them lost revenues because they where forced to lower their basic cable rates. The stock market reacted harshly to the new regulation causing many cable stocks to lose 30%-40% of their stock price over two months.

TCAT Stock Data	
Beta:	0.98
Current Price:	$23.50
P/E Ratio:	20.6
Dividend:	$0.44
Return On Equity:	23%
Annual Growth Rate:	14%

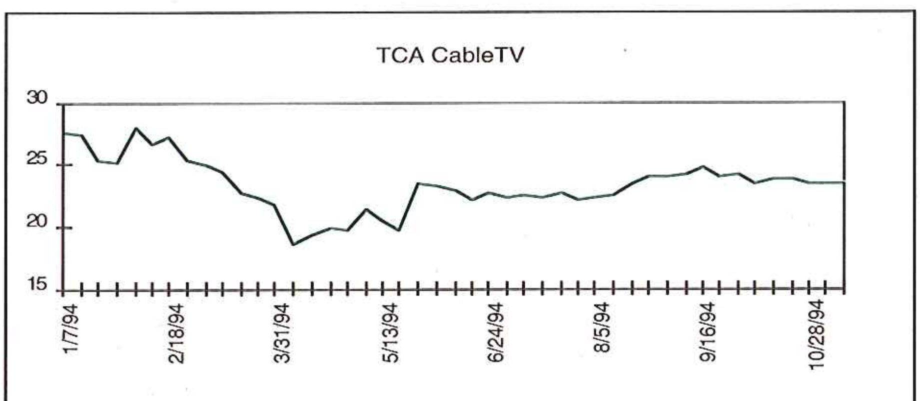
Because of TCA's 39-year conservative retail rate tradition, the new Federal Communication Commission rules had little financial impact on the company. Diligent expense control in the past paid off, their low rates where below the limit set by the Communication Commission. Lower rates and more value to each customer allowed them to continue a successful growth trend throughout the period of regulation.

TCA Cable T.V. is positioned for continued growth in the industry. In September 1993, the company announced a five-year plan for improving and upgrading each local cable system with fiber optic technology. The upgrade is expected to cost $100 million and will be paid for with internally generated cash flow. With this new fiber optic technology they can offer their customers up to 500 channels. This system will be designed to provide telecommunications and high-speed data transmission to include virtually every interconnection of computers, schools, homes and businesses.

Future growth of the company will remain strong throughout the 90's. Although regulation may hold back growth in the basic cable rates, they have the ability to control costs and improve margins. TCAT will benefit from effective cost control when they start receiving revenue from additional upgrade services.

TCA Cable T.V. survived the regulation period and appears poised to take full advantage of their new services, and opportunities.

by Ted Bauchle



Year	E.P.S.	% Change
1995E	$1.14	+14%
1994	1.00	+20
1993	0.83	+36
1992	0.61	+74
1991	0.35	+75

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Sky West, Inc. (SKYW)

SkyWest, Inc., is the holding company for SkyWest Airlines, Inc.; Scenic Airlines, Inc.; and National Parks Transportation, Inc. SkyWest Airlines is the largest subsidiary of the company, and they operate as a large regional airline.

SkyWest Airlines operates as a Delta connection carrier, and offers passenger, as well as, cargo services to 42 cities in nine western states. SkyWest operates over 500 daily flights.

Scenic Airlines provides tours, general aviation and scheduled airline services in the "scenic region" of Utah, Nevada, and Arizona. National Parks Transportation operates AVIS rental vehicles in 5 airport locations, to compliment SkyWest and Scenic. SkyWest, Inc., has its headquarters located in St. George, Utah, and is traded on the NASDAQ under the ticker symbol SKYW.

SkyWest Stock Data	
Beta:	**0.93**
Current Price:	**$14.63**
P/E Ratio:	**8.5X**
Dividend:	**$0.05**
Return On Equity:	**13.8%**
Annual Growth Rate:	**12.0%**

SkyWest, being a Delta connection, has benefited greatly from Delta's cost cutting strategy. Delta has turned over 4 routes from the Salt Lake City, Utah hub to SkyWest. The connecting cities which SkyWest now services are Butte, Montana; Casper, Wyoming; along with Rapid City and Sioux Falls, South Dakota. SkyWest is committed to operating in the less competitive but growing western market. SkyWest believes in a commitment to excellence in customer service.

SkyWest's objective is to operate in low-density markets that would not attract high-volume, low-fair operators while continuing cost reduction programs to compete in the low-cost environment, which the industry believes will prevail in the coming years.

by Mike Walters
and Derek Rancourt

Year	E.P.S.	% Change
1995E	$1.72	+18%
1994	1.46	+72
1993	0.85	+140
1992	0.25	

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GROWTH FUND OF SPAIN (GSP)

This particular closed-end fund has outperformed its competitors for the last three years and continues to sell at an 11% discount, making it a particularly attractive fund in Spain. The performance may be due in part to the fund's excellent stock-picking skills that set it apart from its rivals. This year GSP has adopted a defensive stance in the market in order to insulate it against market turmoil by holding a larger cash stake for most of 1994 and investing in less familiar stocks.

GSP also engages in hedging strategies involving futures and options to maintain a positive stance in the market. This essentially conservative strategy is largely responsible for the fund's success in difficult markets, and is what differentiates it from its competitors allowing GSP to succeed.

The fund's major investment objective is to seek long-term capital appreciation by investing primarily, 65% of the fund's total assets, in equity securities of Spanish companies. The fund will invest up to 25% of total assets in unlisted equity and debt securities as well as up to 35% of their total assets in investment grade fixed income instruments. Currently, the fund's composition consists of 83.8% stocks, 14.1% cash, and 2% bonds exemplifying GSP's defensive stance.

While the Spanish economy was rather lack luster in the past, GSP was able to maintain its positioning; and now, with a growing economy, GSP should perform more spectacularly in the Spanish markets. The fund's fine historic performance, coupled with its above average risk score listing in the Morning Star publication, makes it an excellent choice for exposure in the Spanish Market.

by Nathalie Latendresse

COUNTRY FUNDS

Fund	Symbol	Price	PAST YEAR Market Return %	PAST YEAR Currency Return %
Austria Fund	OST	$ 8.25	-11.8	+12.0
Chile Fund	CH	47.50	+52.4	0.0
Growth Fund of Spain	GSP	10.25	-3.8	+7.9
Japan OTC	JOF	11.25	+8.2	+12.0
Malaysia Fund	MF	21.25	-2.9	+0.0
Mexico Fund	MXF	31.38	+34.5	-9.3
S&P 500			+3.4	

CHILE FUND (CH) A LATIN AMERICAN SUCCESS STORY

Chile has become an economically successful country by emphasizing private enterprise and an increasingly liberal political situation. Change was necessary after the seventeen year rule of General Pinochet, with its lack of emphasis on human rights, ended in 1990. Free market economics has led to a high six percent growth in real gross domestic product for the past decade.

The Chilean government realizes that improving the country's infrastructure, roads, ports, airports, power plants and things of that sort, is necessary if the economy is to grow. Private financing will be encouraged in financing these improvements. By improving airports and sea ports, Chile will be able to export products abroad in larger quantities than ever before. Chile's goal is for over forty percent of its gross domestic product to come from exports.

Financially, Chile appears sound. In fact, Chile is the first Latin American country to have its bonds rated at the high level of investment grade. Chile has never been late in paying interest or principal on its debt to other countries.

A financially sound, well-managed country that is blossoming into a modern, developed nation presents an excellent opportunity for the astute investor.

The Chile Fund (CH) is an easy way to become exposed to the country. In 1992 and 1993 the fund outperformed the Chilean market and may do so again this year.

by Brian Makoff

Comments & Disclaimer

The Roland George Investments Program was created in 1980 by Sarah George to provide a unique experience for future investment professionals. This bequest was intended to honor her husband, Roland, who after traveling the standard academic path began to ply his trade and promptly lost money. Mr. George decided that serious flaws were evident in the traditional educational process for future investors since by overcoming his formal education he was able to master investing, and in short get rich.

From this start, Mr. George formed the ideas of creating an investment curriculum that combined academic theory with real world experience. This dream came true when Sarah George funded the Roland George Investments Program. This program provides support for the applied investments program at Stetson University where student analysts manage a multi-million dollar portfolio. Insights are gained through contact with the likes of B. Carter Randall, a panelist on PBS's Wall $treet Week, and Robert Stovall of Stovall/Twenty-First Advisors.

For information on the Roland George Investments Program contact Dr. James Mallett at 904-822-7442.

This effort is intended as a general interest publication and does not purport to recommend individual securities for purchase or sale. Students and faculty involved in this program may be long or short securities of any of the companies mentioned in this report, and may change those positions without notice. Investors must do significant additional research, for the information contained within is not complete.

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