thegeorgeinvestmentsview

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R.I.S.E.

to the occasion - 2004 National Champions - Fixed Income

by L. Stefan Moroney and Phil Reagan

On a dull, dreary April morning, our hotel commuter bus came rolling to a stop outside the University of Dayton basketball arena. As we disembarked and walked into the arena, we realized just how much progress the Redefining Investment Strategy Education Symposium (RISE) has made over the years. The size of the conference has grown at an increasing rate eclipsing the size limitation of the original school of business administration site of the conference. Four years ago, Stetson University participated in the first RISE symposium. Not knowing what to expect, the George Program team walked away with a first place finish in the Blend category, followed by a first place finish in the Value category in 2002, and a second place finish in Growth in 2003, all for the Equity Portfolio. As a group competing in the Fixed Income category for the Income Portfolio this year, we knew walking in that we had big shoes to fill.

R.I.S.E. Symposium

2001	1st Place	Equity Portfolio	Blend
2002	1st Place	Equity Portfolio	Value
2003	2nd Place	Equity Portfolio	Growth
2004	1st Place	Income Portfolio	Fixed Income

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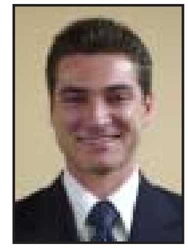
editor's note –

by Sean Gorman



At the close of yet another school year for the Roland George Investments Program the future appears very bright. This past spring semester exemplified the opportunities offered to Stetson University students by the George Program and the tradition of excellence that George students have created with those opportunities.

Looking back, the semester was filled with great events! We finished first in the nation for fixed-income investing at the R.I.S.E. Symposium in Dayton, Ohio. Over spring break we visited New York City – even strolled across the floors of the New York Stock Exchange and New York Mercantile Exchange. At the end of the semester we celebrated our annual awards dinner at Gene's Steakhouse in Daytona Beach, Florida. These opportunities are only made possible through the generous donation of the Roland George family and the continued dedication of Stetson University, the Finance Department, and especially Dr. K.C. Ma, Dr. Larry Belcher, and Dr. Jim Mallett. On behalf of all George students, we thank everyone who has worked so hard to make the program the success it has become today.

photo by Sean Gorman

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what's *inside*

portfolio performance

by Jason Buser

The first months of 2004 have been a time of mixed signals for financial markets and the economy in general. While relatively high unemployment (5.6%), rising oil prices, and record federal deficits stand as potential drawbacks to growth, increased productivity, higher job creation, and more government spending continue to drive the economy. After a spectacular performance in 2003, the stock market stands poised for more modest growth in the coming year. While the last quarter of 2003 saw record numbers in productivity and GDP growth, 2004 is expected to produce more moderate gains, with GDP growth projected at 4–4.5% by most analysts.

Into this market environment, the Roland George Investments Program has posted solid returns. The Growth Fund is up 34.75% from March 2003 to March 2004. This nearly matches the performance of the S&P 500, which posted near record gains of 36.12% over the same period. The Growth Fund narrowly beat the Dow Jones Industrial Average, which posted a 34.13% gain.

While the Growth Fund matched its indices, the Income Fund far exceeded its index. The Income Fund, comprised of corporate and treasury bonds, posted a 7.8% gain from March 1, 2003 to February 28, 2004. Over the same period, the Lipper Intermediate Investment Grade Bond Index, that which most closely matches the Income Fund, posted a 4.78% return. The Growth and Income Funds together returned 19.67% over the above–mentioned period.

This year, the Growth Fund has not outpaced major market indices as effectively as it has in the past. This is attributable to several reasons. One is that the Growth Fund has kept a lower beta than the overall market. Beta is a measure of volatility that shows how much a stock or group of stocks will move in relation to the overall market. The market has beta of one. If a portfolio has a beta of less than one, it will move less than a given move in the overall market. Over the past year, the Growth Fund has held a beta between .7 and .9, meaning that it has less volatility than the market. This translates to less risk, less movement on the upside as well as the down.

Another reason for the lower returns can be found in the sector allocation of the Growth Fund. As shown in the sector allocation table, the fund is most overweight in consumer discretionary and consumer staples. As consumer incomes continue to rise in the recovering economy, consumer spending will no doubt remain on the increase. The portfolio is most underweight in information technology and telecommunications. These sectors have proven to be the most volatile and hardest to analyze. The George Program, thus treads cautiously around these areas.

With that said, it must be emphasized that the George Program does not confine itself to any particular sector allocation. The Program has traditionally been value oriented – meaning that it searches for undervalued stocks, those that are either undiscovered or mispriced by the market. There are undervalued stocks in every sector. They are just a bit harder to find in some sectors than in others. Undervalued stocks are also harder to find in an expanding economy, as stock prices have already substantially increased. Thus, value oriented funds, such as the George Program, tend to not perform as well in the current market conditions.

Despite all of this, 2004 has thus far seen some excellent performers in the portfolio. Foremost among these is Misonix (MSON), returning 146% since January 1. Another recent outstanding performer in the Growth Fund has been NBTY, Inc. (NTY), which is up 42% on the year. A final highlight on the portfolio has been Rocky Mountain Chocolate Factory (RMCF), up 27% since the beginning of the year.

These outstanding performers don't come about by accident. The Roland George Investments Program prides itself on the personal attention and in depth analysis provided by each of its student analysts. With this winning formula, the Roland George Investments Program will continue to produce solid performance in the years to come.

purchases

NetSmart Technologies (NTST) is an integrative software provider that licenses and installs proprietary software for the health care industry. The company currently has over 500 contracts representing approximately 50,000 clinicians in 43 states. These contracts provide a recurring revenue stream for the company.

sales

Bradley Pharmaceutical (BDY) produces and markets over–the–counter and prescription pharmaceuticals, with an emphasis on drugs in dermatology, gastroenterology and nutrition. While the company has performed very well for the Program, its recent revenue and earnings are unlikely to be sustained and the company's drug pipeline appears relatively dry.

White Electronic Design (WEDC) designs and manufactures computer memory and display products. The company's largest customers are the Department of Defense and its contractors, including Lockheed Martin, for whom the company designs components for aircraft, defense, and telecommunications. The company currently lags behind the rest of the industry and is not expected to experience significant growth over the coming year.

Corillian Corporation (CORI) is a provider of Windows–based Internet banking and financial software. Their flagship Voyager software integrates into existing database systems and allows for monitoring in real time. The company has recently significantly missed earnings targets and has had heavy insider selling over the past six months.

Mymetics Corporation (MYMX) is an HIV research firm that has yet to produce any revenues or earnings. The company was acquired through a stock dividend provided by MFC Bancorp, another holding of the Program.

Embrex (EMBX) is a biotechnology company with worldwide focus on products that help the poultry industry in ways such as improving bird health and reducing production costs. One of the company's largest products is an *in ovo* vaccination system, which vaccinates birds against various diseases before they hatch. The company has performed very well for the program but future earnings growth looks questionable.

Stericycle (SRCL) is a regulated medical waste management company whose services include the collection, transportation, treatment, disposal, and recycling of hazardous medical waste. The company also provides consulting and training for its clients. While the company has performed very well since its purchase, expectations are for the company to lag behind its industry.

Arkansas Best Corporation (ABFS) provides motor-carrier and intermodal transportation services. The company is vertically integrated including subsidiaries for maintenance and data services in support of its fleet. The transportation industry faces an uncertain near–term future with oil and gas prices continuing to soar and government regulation restricting the time that truckers can be behind the wheel. Also, the company lags behind its industry in expected earnings and overall growth.

director's *update*

by Dr. Larry Belcher

looking for growth

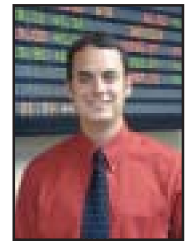
The spring ended on a high note for a number of reasons. Economic news has generally been positive in that job creation has been proceeding at a much faster rate, growth is picking up, and inflation is still under control. Depending on what you think of the news, Alan Greenspan was nominated and approved for another term as Fed chairman. This will put him at 82 years old when this latest term expires. Even though inflation is still modest by historical standards, Chairman Greenspan is still concerned and most analysts expect a 50 basis point increase in interest rates at the next Fed meeting. Given that this expectation has persisted for at least 6 months, it probably will have little long–term impact once it is actually announced although the markets will probably show some short–term effects from it. In most arenas, however, the news on the economic front indicates that the economy is gathering steam in terms of the recovery.

". . . there are new ideas to explore to see this educational tool made even better . . ."

Closer to home, this spring marked the end of another extremely successful year in the George Program. We had a large graduating class this year, and as you looked at the grade point averages of the students we had some really talented individuals leave this year. Many of those students contributed to this newsletter. We also had a large contingent of foreign students graduate this year. Their presence has really helped to broaden and expand the focus of the program because of the diversity that they have added to the program in the last few years.

The students also competed again in the University of Dayton RISE Symposium portfolio management competition. Once again this year, the rules of the competition were changed. Presentations by the students, which were formerly mandatory, became "optional". Before, they counted for 50% of the final score in terms of evaluating the competing schools. This year, they were not counted and the contestants were evaluated solely on the basis of year–end returns. We waited anxiously for the results at dinner and were overjoyed to hear that we were the top school in fixed income management. Stetson University is the only multi–year and multi–class winner in the four–year history of the competition. We have placed first in every category except growth management, and we still placed second there, even though we really do not pursue a growth strategy. This indicates that we have a program that is well established and works. The employment record and success of alumni also validate the success of the program.

Where do we go from here? Hopefully, up. We cannot afford to rest on our laurels or we will stagnate. The world is discovering how useful student–managed funds are (there was a team at Dayton from Israel this year) and so there are new ideas to explore to see this educational tool made even better. We have always been an innovator and we want to stay that way. We want to upgrade the trading room some this summer. We need a case to display our trophies and to show off pictures of the classes. We also need to better organize the room and make it more visually appealing, so we will try to get that done before the school year starts.



the 2004 presidential election

by Chris Bentley

With President Bush's four–year term soon coming to a closure, the media is engulfed in the upcoming election between President Bush and Senator Kerry. Advertise–ments are being aired to endorse each party's candidate, as well as to criticize the credibility of each candidate by focusing strongly on Iraq and the economy. The election will call for heated debates amongst the competing policies of the Democrats and Republicans on how the nation might best achieve the goals sought by all Americans, such as national security, economic prosperity, affordable access to quality health care, and a clean environment. An electoral battle has arisen and will be fought out over the coming months. The stakes are high on both sides and emotions are fueled from President Bush's previous White House win coming from one of the closest and arguably most controversial presidential election in our country's history.

During the past three years, President Bush has aggressively achieved dramatic changes in domestic and foreign policy. The economy has witnessed three large tax cuts, there has been an expanded federal role in education, a massive Department of Home–land Security was formed, and the Bush administration has led the United States through its chal–lenging wars in Iraq and Afghanistan. In addition, the administration has also carried the economy out of its past recession, and attributes some of the market's latest performance to the increase in consumer spending created from the tax cuts.

Despite the President's ap–proval by most Republicans, the Democrats have criticized the Bush administration for the United States' huge budget and current account deficits. The party feels it will be very difficult with the increasing deficits for the United States to revive the sustained economic expansion of the 1990s. To rectify this problem, Senator Kerry has proposed to increase taxes for individuals making over $200,000 per year. To combat against the stagnant unemploy–ment rate, Kerry plans to unveil a $12 billion–a–year plan that he claims will create 10 million domestic jobs by 2009. This will be partly achieved by removing the benefits of sheltering taxable income overseas and lowering corporate income tax rates at home from 35% to 33.25%.

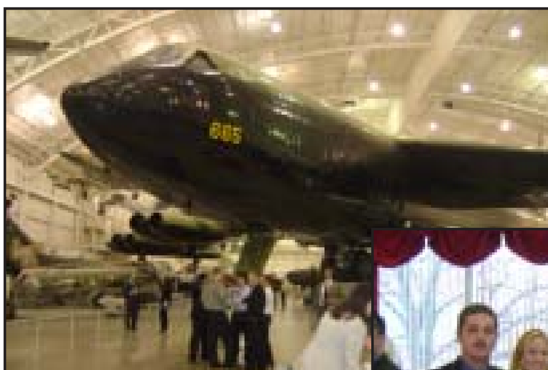
Regardless of the contrasting views of the two parties, there is a fair weather outlook for invest–ments in the stock market in the coming months. Historically, election years are "up" years for the market. Incumbent administra–tions are generally attempting to massage the economy so voters will keep them in power. In fact, since 1948 investors have rarely been bruised during these years, except for the most recent election in 2000. The undecided election caused much uncertainty within our country, causing the NASDAQ to fall 39.3%. In addition, the most significant times are the last eight months of election years. During this time, there have been just two losing periods in an election year since 1952 – one being the last election. The near term market outlook due to the election is bullish, and the coming months promise much debate and possibly dramatic policy change for America. The George Program will continue to utilize awareness of such political impacts when making money management decisions.

R.I.S.E. to the occasion -

from page 1

The R.I.S.E. Symposium has been modeled after the world's most influential and prestigious forum, the World Economic Forum, held annually in Davos, Switzerland. At the forum in Davos, several leaders in areas of politics, business, labor, academia, religion and media gather. They conduct interview style panel discussions without formal presentations to encourage spontaneous and dynamic exchange between the panelists and participants. Likewise, at R.I.S.E. the keynote speakers do not give speeches. Neither powerpoint presentations nor handouts are given, but rather a completely interactive environment. The R.I.S.E. focused on areas of the Economy, Public Policy, Corporate Governance, Markets, and General Investing as a whole.

On the first day, with the help of Dr. Robert Froehlich, Chief Investment Strategist for Deutsche Bank and graduate of University of Dayton, economic minds lent their views and opinions to the group of over one thousand students and professionals. This group included, but was not limited to, Michael Moskow, the President of Federal Reserve Bank of Chicago; John Bogle, the "Father" of the mutual fund industry and founder of Vanguard Group; and Lyle Gramley, former member of the Board of Governors of the Federal Reserve. Throughout the day, Dr. Froehlich acted as the moderator for the various guests culminating in a very entertaining exchange between Samuel Zell, the biggest landlord in United States history, and Joseph Battipaglia, Chairman of Investment Policy, Ryan Beck & Company. In sum, the first day provided an interesting glimpse into the minds of the most successful people in finance.



The second day focused on a number of very interesting breakout sessions moderated by professionals from various areas of the finance industry. The different members of our group broke up and attended the sessions that focused on each of our particular interests. These sessions included such topics as Hedge Funds, Risk Management, Career Trends and Alternative Investments. The afternoon included workshops on portfolio management and equity analysis.

The sessions and workshops segued into a networking reception for the students before dinner. The networking reception afforded every school the opportunity to represent their school and program via a display. True to Stetson form, we heralded our program with a fantastic display, the program newsletters and annual reports. The interest in the Roland George Investments Program was astonishing. The annual reports flew off the table faster than we could replace them and the questions regarding our program were endless. Numerous professors quizzed us on our strategy and ability to stay on top in hopes of using the Roland George Investments Program as a benchmark to create their own.

As this reception came to a close, we all boarded busses to head over to dinner at the United States Air Force Museum and the announcement of the 2004 winners. Tradition at this competition has been to have the final dinner at this mesmerizing museum. The museum is in fact an airplane hanger that has the most amazing collection of classic airplanes since the beginning of flight. As the four student representatives and the George Program Director, Dr. Belcher, gathered among the other competitors and a bomber airplane, we braced ourselves for the thrilling announcement that Stetson University was the National Champion for the Fixed Income Category.

Attending the R.I.S.E. competition are (left to right):
Kevin Burd, Jessica Butcher, Stefan Moroney,
Phil Reagan and Dr. Larry Belcher.

foreign investment's impact

by Emma Åström

For years foreign investors have enjoyed the homogenous investment environment the United States offered. In the midst of a booming economy and a soaring stock market, the universally acknowledged "bubble" erupted. As the American economy slowed down and the stock market plummeted, foreign investors became less confident and the U.S. dollar started its downward spiral. One major concern was exposed – as a result, would the foreign investors pull out of the shaky U.S. market and search for a more stable investment environment someplace else? Despite a corporate scandal epidemic led by Arthur Andersen and Enron, a sluggish stock market, a record high budget deficit, and an unfinished war on terrorism, the foreign investors never left the American market. In fact, the net purchases of U.S. securities by foreign investors in 2003 were at a record high of $744.5 billion, up 36% from 2002. According to the Securities Industry Association's Foreign Activity Report, 95% of these foreign investor acquisitions were in fixed income securities.

As the U.S. deficit bulges, the supply of U.S. Treasuries are increasing, and foreign investors are investing more in the American bond market. Today, statistics show that more than 42% of the government's debt is held by foreign financiers. Questions can be raised whether or not there are any major risks with basing the financing of almost half of a country's debt on outsiders. For example, if foreign investors were to pull out of the U.S. bond market due to an expected interest rate increase, Bill Dudley, chief U.S. economist in New York at Goldman Sachs & Co., argues that, "foreign investors as a group would still have to recycle the U.S. current account deficit back into dollar assets." Thus, the U.S. bond market would not be substantially hurt if the foreign demand for U.S. Treasuries would plummet. In contrast, many investors see the dependency on foreign investors as a major burden that leaves the U.S. exceptionally exposed to actions taken by financiers abroad.

The bond market is the magnet for a greater part of the U.S. foreign exchange inflows, but analysts are announcing that this situation might soon change. There are predictions stating that there will be an altered course ahead, suggesting that foreign investors will leave the debt instruments behind and move into the U.S. equity market. With an expected increase in interest rates and a relatively vigorous outlook for the U.S. economy this is a forecast worth taking into consideration when allocating assets. In conclusion, George students bear in mind the impact that foreign investors and current economic conditions have on U.S. markets to help narrow down our market sector allocations. We continue to search for underpriced, under–followed, quality stocks, and stable bonds with a positive outlook.

References: Bloomberg.com
Yahoo.com
Baseline

adding value to the fixed income portfolio — union carbide bonds

by Jessica Butcher

Union Carbide Corporation is one of the most cost efficient companies in the chemical and polymer industry, with some of the largest-scale production facilities in the world. They currently have over 4,000 employees. On February 6, 2001 their merger with the Dow Chemical Company closed. After analyzing the leading economic indicators, the yield curve, and the expectations hypothesis formula, I predicted a 25–50 basis point increase in interest rates over the next 10–12 months.

I recommended that the George Program trustee board swap our previous Citigroup, Inc., bonds for Union Carbide bonds for several reasons. With a pending rise in interest rates, shortening our portfolio's duration is a must to reduce our interest rate volatility. This swap shortened the duration for our holding from 5.2 years to 4.25 years. We also picked up a higher yield by decreasing the position's credit rating to the lower end of investment grade issues.

After swapping the bonds we took on more credit risk, but the bonds are quite unlikely to default with credit spreads narrowing and the economy recovering. Union Carbide reduced their debt by $578 million last year. Their EPS has increased by 378% over the past year and the company's financials and merger with the Dow Chemical Company all appear to be positive – on the upward trend.

If interest rates stay the same we will pick up 212 basis points and $2,669 net P&L from the swap. If there is a 50 basis–point upward parallel shift in interest rates, as I am predicating, our P&L one year from now will be $3,289. If the spread between the two bonds reverts back to the mean, as it usually does, we will still have a positive P&L of $1,754.

My analysis and predictions indicate that our fixed income portfolio will profit from this swap over the next 10–12 months. Union Carbide bond characteristics create a higher probability of profit versus our previous Citigroup, Inc., bond holding as the George Program continues seeking to add value to our portfolio.

allstate in good hands with stetson alum

by Kevin Craig

One of the more fortuitous opportunities of being a member of one of the country's oldest and most elite student managed investment programs is to be lectured by experienced businessmen in their respected financial and/or management fields. This helps elevate higher learning in the Roland George Investments Program to the perspective of real–world applications the speakers have to offer.

Earlier this Spring semester the Roland George students were the lucky beneficiaries of a visit from the retired president of the property and casualty division of Allstate Insurance Company. It was even more intriguing to find out that the former president of the nation's largest publicly–owned insurance company, Rick Cohen, is a Stetson Alum. Mr. Cohen emphasized that, even after receiving a prestigious and rewarding degree from Stetson, there were no shortcuts or life secrets that one day propelled him to be looked upon by so many people for guidance and leadership. Rick Cohen started out at Allstate Insurance as a sales representative for his first job. He soon found that one of his passions in the corporate setting was being able to help associates in the company and to sincerely look after customers.

Mr. Cohen also emphasized that many personality types in the corporate structure are not very conscious of company associates and their needs. Such personality types are not bad and fit necessary roles very well; however, those people should not be in leadership positions for their career choice. He made George students aware that if we truly want to be future leaders in the business world or in any other aspects of life, we must first care for those around us and make strong efforts to personally understand the factors that impact our fellow associates.

The former Allstate president also shared his great insight of the insurance industry and Allstate. An insurer such as Allstate collects insurance premiums on policies ranging from auto to life and on financial services it provides such as retirement planning. Mr. Cohen explained how insurance companies such as Allstate and Aflac have evolved into a form of asset management companies that use funds from services they provide to customers and collateralize them on a variety of investment instruments. Rick Cohen communicated the significance of the economy and interest rates on the insurance business. He used the example of the huge increase in inflation and interest rates during the turn of the decade going into the 1980's. Allstate and other insurance companies used this to their advantage by requiring less stringent qualifications for insurance coverages, which increased the capital they were earning interest on. This allowed for greater leverage on lower risk investments where the benefit outweighed the costs of taking in a riskier aggregate clientele. The Roland George Investments Program thanks Mr. Cohen and the many great lecturers that have helped make the program such a prominent and sustainable success!

a visit to the new york mercantile exchange

by Brandon Waters and Bryan Lauer

The New York Mercantile Exchange trades futures and options contracts on twelve different energy–related commodities ranging from oil to electricity, and various precious metals including gold, silver, copper, aluminum, platinum, and palladium. There are two divisions in which trading is conducted – the NYMEX division and the COMEX division. The NYMEX division is dedicated to trading energy, platinum, and palladium markets while the COMEX division trades all other metals. The Mercantile Exchange plays an essential role in the life of New York. Thousands of jobs are created by the New York Merc in the financial services, allied industries, and the exchange's charitable foundation. The charitable foundation supports programs in the downtown community as well as other charitable endeavors.

The Roland George Investments Program was fortunate to have the opportunity of visiting the New York Mercantile Exchange while on our New York trip over spring break. Once arriving at the New York Mercantile building on a sunny but windy day, we gathered to overlook the Hudson River just north of Battery Park. The anticipation built as we went into the building through security one by one. Upon first arriving inside the exchange, we went up into an observatory room while a floor trader from Man Group gave us the inside scoop about what actually occurs down on the trading floor. One of the most interesting bits of info was the unspoken, but well understood, system of how traders stake their real estate around the trading pits. Even when a trader has been gone on vacation, he will come back and reclaim the pit position where he always conducts his trading. There are no assigned spaces and, when there are hundreds of people crammed in like sardines, a square foot is a precious lot of land. Fights have actually broken out on the floor over particular locations. Everyone knows the established location where they and other traders belong in relation to the trading pit. This was explained

before trading had started, so everything seemed very calm – but as the market opening approached you could see tension begin to rise as everyone went to their particular trading spot. As we watched trading commence, the noise level from downstairs erupted. It was astonishing to see how efficiency could still take place amongst flying cards and dozens of simultaneously loud trade outcries.

After we were informed about the exchange, our group was split up into sections and each section was given a tour down on the floor. Being down on the floor was a great way to see first hand how the exchange works. There are hundreds of people standing in circles basically yelling at one another. The system seems chaotic, but there are methods behind the madness. Rules put forth by the exchange help to keep the market as efficient as possible. For example, if one trader is willing to pay the highest price for a commodity offered, he announces this (thus the yelling), and this announcement silences all lower bids. On the other side, when a trader is selling at a low offer, no one can offer the same to sell higher. Now imagine hundreds of people doing this at the same time! This system may seem outdated, but it has worked for decades.

There are different sections of the floor dedicated to certain commodities. The traders stand in large circles with two card–catchers wearing eye protection in the middle of the pits. The card–catchers do exactly what their name implies – they catch execution cards thrown into the trading pit. On each card is the trade that has been made between two of the members yelling to one another. Once the trade is written down, the trader throws the card to the middle where it is caught and processed. The whole method is amazing to watch! It was hard not to be amazed just walking on the floor, let alone witnessing what each person who works on the exchange floor does day in and day out. Visiting the New York Mercantile Exchange was an unforgettable opportunity which, coupled with our visit to the floor of the New York Stock Exchange, helped forge a more solid appreciation and understanding of all trading that occurs in the financial markets.

swapping to eds

by Kevin Burd

In keeping with the investment objectives set forth by its members, the Roland George Investments Program portfolio swapped its holding of 100 Lehman Brothers 6 5/8 no–callable bonds due February of 2008, for 100 Electronic Data Systems 7 1/8 non–callable bonds due October of 2009.

Electronic Data Systems (EDS) is the second largest technology service provider in the U.S. with a market cap of $9.2 billion. The company provides a portfolio of related services within broad categories of traditional information technology outsourcing, business process outsourcing, solutions and management consulting, as well as product lifecycle management software to clients worldwide.

The swap made sense for a number of reasons. Foremost, it fits with our portfolio strategy in all aspects. It met the rating requirement of investment grade. With a duration target of less than 4 for the portfolio, duration was 3.69 after weighting in the new bond. With respect to our income requirement of at least 6%, the EDS coupon is 7.125%, 50 basis points higher than the Lehman Brothers bond we sold.

Finally, there were few scenarios in which we could lose money on this swap. Student Trustee, Phil Reagan described the decision this way, “Given our interest rate forecasts, this swap should provide us with a nice net P&L return and basis point pick–up. It made even more sense when we determined that it would take an increase of 240 basis–points in interest rates, with the yield spread on the bonds at historical highs, before we would begin to see any loss.” The swap decision will contribute to the continued growth and top–notch performance of the Roland George Fixed Income Portfolio.

photos by Sean Gorman

editor's note –

continued from page 1

Participating in the Roland George Investments Program has provided students with real-world experience managing approximately $2.8 million with analytical computer programs like Bloomberg, Baseline, Reuters/Bridge, and Morningstar that are used daily in the financial industry. Students have the opportunity to attain their Series 7 Stockbroker License and take the Chartered Financial Analyst (CFA) level 1 examination before even entering the financial services work force. This semester also brought several outstanding guest speakers offering insight into the fixed-income segment of finance. With all of the events, opportunities, and achievements of this past semester and years before, it is easily argued that the Roland George Investments Program is at the pinnacle of student-managed investment portfolios in the country.

My personal favorite event of the semester was the NYC trip. Walking down Wall Street and entering the New York Stock Exchange is an indelible memory. Once on the NYSE trading floor we were guided in groups of four by floor brokers and shown first hand the trading posts stocks are assigned to and the specifics of how trades are executed. We also learned some of the social intricacies of working on the floor of the NYSE. Although it was a fairly low-volume day, it was interesting to note that most of the traders were friendly and relaxed – a contrast to the atmosphere I expected on the floor. It was truly an amazing experience being at the heart of where billions of dollars are traded every day and talking to the people responsible for carrying out the transactions as if they were our friendly neighbors.

While in New York the class also toured Deutsche Bank's Wall Street headquarters, Smith Barney, and Millennium Hedge Funds. Being at several of the top financial institutions in the financial capital of the world instilled a great desire to return and continue learning as much as possible so that we may excel upon entering our careers.

The institutional visits were excellent, but George students also took advantage of the many opportunities for enjoying all that New York has to offer – from shopping and great dining excursions to sight seeing and visiting many of the famous locations in the city. Most students started the afternoons out visiting the Empire State Building, Central Park, China Town, or the Statue of Liberty, and we would all be sure to rendezvous back at the Embassy Suites in Lower Manhattan for free happy hour before heading out to one of New York's fine restaurants. Our five days in New York made for an unforgettable spring break and offered insight into what will lay ahead in many of our future careers.

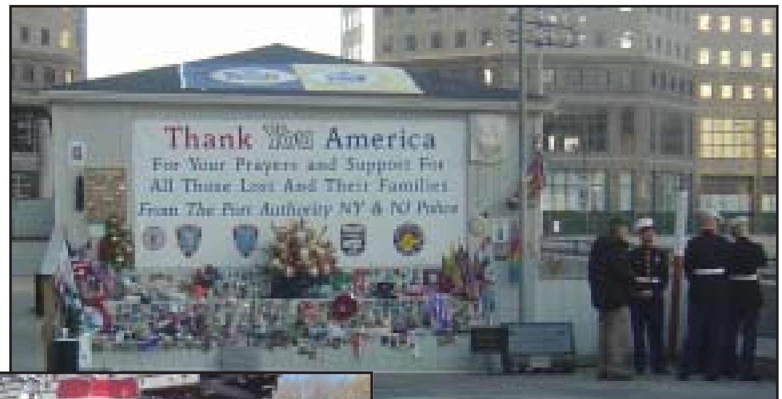
In this issue of the George Investments View, you will find a synopsis of our portfolio's performance, several articles discussing future factors impacting market performance and the reasoning behind our investment decisions, and stories about events from the past semester. The feature article highlights our first place finish in fixed-income investing at the R.I.S.E. competition in Ohio.

I hope that you enjoy reading our newsletter and continue to follow the achievements and events of the Roland George Investments Program. Any comments on this issue or recommendations for future issues would be graciously accepted by emailing Sean Gorman, Editor, at seanagorman@yahoo.com.

New York — New York

Impressive skyline is seen upon entering the city on a clear crisp day!

Reconstruction is well under way.



Jessica and Linda couldn't resist honoring one of New York's finest!

photos by Jessica Butcher and Sean Gorman

a rather chilly spring break . . .

Left, students visited the New York Stock Exchange. Pictured in a single row from left to right are: Alex Kajan, Kevin Burd, Stefan Moroney, Phil Reagan, Brandon Waters, Scott Rosenblum, Mikkel Finstad, Jessica Butcher, Tish Miller, Michael Fassnacht. Next, pictured top to bottom, left to right are: Kevin Notaro, Dr. K. C. Ma, Justin Steiner, Assel Kurmangalinova, Bryan Lauer, John O'Brien, Jason Buser, Daniel Haines, Sean Gorman and Linda DeFalco.

Below, a couple of students joked around with Wall Street "workers".

"Must see" places downtown are, of course, Trump Tower and Tiffany's!

STETSON UNIVERSITY
Florida's First Private University

thegeorge**investments**view

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The *George Investment View* is intended to be an educational document. Investment views belong to the authors and not Stetson University.

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 completing his education, 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 over-coming his formal education he was able to master investing and in short accumulate wealth.

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 students manage a portfolio valued at over $2.8 million dollars. Insights are gained through contact with professionals such as Robert Stovall, CFA, of Wood Asset Management, Inc., Sarasota, FL.

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