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"a dying breed - floor traders"

by Adrian Alquinta

As is Roland George tradition, this year's class took the annual trip to New York. The itinerary this year included trips to Bank of America Securities, the NASDAQ, Goldman Sachs, the NYMEX, and especially to the New York Stock Exchange (NYSE). For me, the NYSE visit would be the most memorable one of all. This is because I was one of four students chosen to tour the floor and speak with a floor trader.

Every kid's first impression of the NYSE is of this chaotic, hectic, trading floor. People are yelling back and forth, making incomprehensible hand gestures, writing it all down and then starting over again. An early finance major dreams of having the opportunity to be on that floor, before they actually know that there are a lot more jobs out there. But unfortunately, future generations may not be able to have the same experiences.

At first glance inside the trading room, from the balcony above, the place looked quiet. There were people walking around, sitting down and just generally looking like they were waiting for something to do. Where was the yelling? Where were the hand gestures? Where did all the people go? These questions immediately flooded my mind as I took my first glimpse onto the NYSE. Eventually, I would find my answers when the time came for me to go onto the actual trading floor.

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editor's note

by Andrew Zaleski

With the Roland George Investments Program's portfolio being valued at over $3.1 million, our class has had oppor–tunities which many could only hope for. After composing an admirable investment policy, the Program took hold of the market by purchasing more stocks, swapping bonds and even buying more bonds outright to balance the two portfolios in the spring of 2007.

Having our sixth win under our belt at the 2007 RISE competition, it appears that the class has a formula that just works. Considering the results of our stock portfolio in first quarter of 2007 and our thoughts on the future direction of the market, we decided to continue our small cap growth focus. The class has also decided to cut back on some of our positions over $50,000 due to increased earnings from these stocks while also letting go of some of our lower performing stocks. We believe that the economy is only slowing — eventually it will level off by the end of the year and a recession is not on our outlook for the future. Due to this forecast, we ended the spring semester of 2007 with a totally different portfolio that we believe was needed and will perform well in the current market, as well as in our forecasted direction of the market.

After deciding as a class that we are in a falling interest rate environment, the Roland George class focused on increasing the duration, convexity and yield for the bond portfolio. With a

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portfolio performance

by Natalie Parker

The Roland George Investments Program began 2007 with confidence in our fixed income portfolio and high hopes for our equity portfolio. In 2006 we had outperformed our benchmark by excessive amounts in the fixed income side and were confident in entering the annual RISE competition. Our expectations were met on March 31, 2007, in Dayton, Ohio, when the Roland George Investments Program was announced the winner of the Fixed Income category with a risk adjusted return of 16.5%.

As a class, we decided that although inflation is a concern, slow economic growth is a larger threat; therefore, we expect the Fed to lower the Federal Funds Rate toward the end of the year to the beginning of 2008. Based on this, we decided to increase our duration so that we would be able to capture a larger gain in bond value. We also decided that our main objective would be to capture total return in the form of income and capital gains.

We had almost 20% of the equity portfolio sitting in cash, so we decided to vigorously search for new additions. We approved eight new stocks that we felt had strong potential to yield above–average returns. We purchased a wide variety of companies including: restaurants, toy makers, day care centers, and lighting manufacturers. With a completely rebalanced portfolio, we expect to yield a competitive return in 2007.

Our equity portfolio is now evenly balanced with $81,545.98 in cash and $1,748,189.90 invested for a total value of $1,829,735.88. Year–to–date, the equity portfolio has returned 5.12% as opposed to the S&P 500's return of 3.75%.

Although we had a very successful previous year with our fixed income, we still decided to do a little maintenance and adjust to our new market expectations. We traded three lower duration bonds for those with higher duration.

In fixed income we have a cash balance of $217,569.74 and bond holdings of $1,081,762.37 for a total fixed income value of $1,299,332.11.

In the coming months our strategy based on our interest forecast will be evaluated in hindsight as either a success or failure. With the exit of one class and the coming stagnant months of summer, our portfolio will have changed drastically by the time the next class evaluates the portfolios in the fall.

The Spring class of 2007 leaves our final touch on the portfolio with the knowledge that we have gained skills that others have not, and regardless of whether our prediction is accurate or not, the Roland George Investments Program has impacted us through experience and education.

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purchases

fixed income -

Aetna, Inc. (AET) is one of the nation's leading diversified health care benefits companies, serving members with information and resources to help them make better informed decisions regarding health care. This is a very attractive investment opportunity and we will be increasing our coupon payment, duration, credit rating and convexity, as well as yield a 91 basis point pickup.

Dow Chemical, Inc., (DOW) manufactures and sells chemicals, plastics, agricultural and other specialized products and services in several industries. Under the current interest rates, it has a duration of 8.796 and convexity of 1.093. It is expected to outperform its benchmark and have a total return of 6.41%.

General Electric Company (GE) is a diversified industrial corporation. After reviewing the financial statements, it is understandable why this is an investment grade bond with one of the highest possible ratings. We are increasing our duration, convexity, and most importantly, our credit rating by adding GE to our portfolio.

Goldman Sachs (GS) operates in three main segments: investment banking, trading and principal investments, and asset management services. In order to increase the total return for the portfolio, this bond was swapped for its increased coupon and credit rating with a projected 83% chance of positive profit.

Motorola, Inc., (MOT) is a world known provider of integrated communications and embedded electronic solutions. A Fortune 100 company with an impressive global presence, it will increase the coupon, duration, convexity and credit rating of our portfolio.

Weyerhaeuser Company (WY) harvests, manufactures, distributes and sells forest products, mainly in the US and Canada. Weyerhaeuser is the largest competitor in the integrated forest products industry as well as the leader in its linerboard and pulp segments. Undervalued, this bond should also allow us to pick up duration and convexity in the portfolio.

growth -

BJ's Restaurants, Inc. (NASDAQ: BJRI) owns and operates 57 casual dining restaurants in eight states, 12 of these are also microbreweries which distribute specifically to BJ's restaurants. With plans to expand by 56.36% over the next two years and 11.73% undervalued, BJ's should do well.

Bright Horizons Family Solutions (BFAM) is grouped by Baseline into the Educational Services Industry because child care and education services are the company's primary business. With growing trends of companies providing on–site child care and assisting employees dealing with the balance between work and family life, this will add a new and different industry to the George Portfolio. The company is undervalued by 22.95% and expected to be profitable.

Build–a–Bear Workshops, Inc. (BBW) is in the Toy & Hobby Stores Industry of the Services Sector, considered an unusual industry because it is made up of only two stocks. Build–a–Bear's fourth quarter net retail sales increased 21% year–over–year and is expected to continue with that growth in 2007 with extensive plans for expansion.

Clayton Holdings, Inc., (CLAY) is a business services company that offers a full suite of financial services to enhance liquidity, grow revenues, reduce costs, and manage risk for their customers. Poised for success, Clayton Holdings is expected to show big gains when the market adjusts to the subprime lending situation, offering their services to protect companies from future losses, subprime or other.

Color Kinetics, Inc., (NASDAQ: CLRK) designs, markets and licenses LED lighting systems that use semiconductor devices. With CLRK, we have a great secular growth story —a company with a flawless balance sheet that is investing heavily while it drives up sales at a healthy pace; a strong patent portfolio that has stood up to several challenges; a reasonable valuation in terms of PE and P/S; as well as good risk/reward on a technical basis. Based on both the competition and industry models, this stock has a potential 32.4% increase in price over the next year.

Dolby Laboratories, Inc., (DLB) operates in the sound technologies business. The company generates most of their revenues from licensing their proprietary audio technologies, accounting for 75% of total revenues. With strong financial statements, improving profitablity and growth opportunities, Dolby is currently undervalued by 10.93%.

Donnelley & Sons (RRD) has been in business for over 140 years providing services in all print–related areas, including the worldwide market. Over the course of 2004–2007, RR Donnelley has won over 27 awards that show what a truly good company they are, including the Forbes Platinum 400. We expect to see a gradual trend upwards in all the important categories to be a great addition to our portfolio.

Jamba, Inc., (JMBA) a retailer of premium healthy blended beverages, currently has 595 company and fran–chised stores in 22 states nationwide. With zero debt and plenty of cash, Jamba Juice looks to succeed with their aggressive expansion plans. Being undervalued, this is a great opportunity to invest.

Owens & Minor, Inc., (OMI) is the nation's leading distributor of national brand–name medical and surgical supplies. OMI is a stock with a high dividend yield, proven track record of revenue, dividend and earnings growth, and has positioned itself in a defensive industry. It is currently undervalued with expected growth of 10%.

sells

fixed income -

Caterpillar Corporation (CAT) , with a –10 bps shift in the yield curve for long–term rates, offers a lower total return. In order to maximize total return, this bond was sold.

Electronic Data Systems (EDS) has limited upside potential. If interest rates remain the same, it will have a lower total return as well as increase in yield. The bond was sold to more closely meet our investment criteria.

United Health Group, Inc. (UNH) does not currently meet the criteria and objectives that our class established in our investment policy statement for the Fixed Income portfolio.

growth -

Angiodynamics, Inc., (NASDAQ: ANGO), for the three months ending March 3, 2007, lost $10.4 million (or 55 cents per share) compared with a profit of $1.9 million (or 14 cents per share) during the same period a year prior. The class agreed that this stock is not worth the risk and the position should be liquidated.

Asta Funding (ASFI) stock is up more than 30% year to date and it would be in our best interest to trim our total

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position to its original size. Since ASFI shows signs of continuing to perform well with great management and stability, we have agreed to sell 750 shares. By doing this we will increase our cash and also lock in some profits.

Blackboard, Inc. (BBBB) was originally purchased in the fall of 2005, has steadily increased in value, and is expected to increase earnings by 25% annualized over the next three to five years. In order to rebalance the portfolio, 400 shares have been sold so our position in the stock will return to the target holding of $50,000.

Century Casinos, Inc. **(CNTY)** saw its shares tumble to a new 52–week low in March after an analyst downgraded the casino operator on the possibility of limited upside. Overall the Casino & Gaming Industry has seen a loss of 5.2% in value year to date. Although this stock is still undervalued, we decided not to take any more risk in the industry.

Comfort Systems, Inc. (FIX) year to date is –2.06% in returns. Even though we are down YTD, it was decided to only sell 1,000 shares. Comfort Systems has an estimated target price at $18 — still undervalued.

Huron Consulting Group, Inc. (HURN) has shown steady growth since it was added to our portfolio in November, 2006. Our position has been reduced by 200 shares in order to rebalance our portfolio.

KHD Humboldt Wedag (KHDH) has done extremely well since we bought it as MFC Bankcorp in November of 2005. Our holdings have nearly doubled in value. However, in order to balance our positions, 500 shares were liquidated.

Movado (MOV) , along with the rest of the Apparel and Accessories Industry, has had very good returns year to date. By selling 500 shares we will reduce our holdings, increase our cash, as well as gain profits.

Satyam (SAY) is a strong performer and is expected to continue well into the future. After all other transactions this semester, it was still decided to cut back the holdings.

SeraCare, Inc. (OTC: SRLSQ.PK) voluntarily filed for Chapter 11 Bankruptcy in March of 2006 and there is no indication of positive news as it sits idle. It may be difficult to sell these shares with such low volume, but we need to avoid losing our investment completely.

Shuffle Master, Inc. (SHFL) was added to our portfolio in November, 2006, but has had a very rough time since. Missed earnings, terminated alliances, accounting errors and a possible delisting by the NASDAQ indicates problems need to be sorted out and a new business strategy developed. That would be a long–term investment we are not willing to make and have liquidated all of our holdings.

Vasco Data **(NASDAQ: VDSO)** had exceeded the fair valuation and was up by 30% in January this year, just since our purchase in November, 2006. Using the Holt's model, the implicit growth rate needed to justify the current stock price was about 98%. We sold the stock to lock in on our profits — about $20,000 — in less than three months.

editor's note

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surplus of cash in our bond portfolio, the class was able to buy more bonds which has increased our diversity and decreased our exposure in any one industry.

With the help of a few strong bond performers during 2006, the Roland George Fixed Income portfolio returned 16.5% risk adjusted which resulted in another championship. Whether or not we win or lose at the RISE Competition, it is all about learning from our decisions. Competing at RISE – quite successfully – just adds more to our remarkable experience and continued success as we move on to our careers.

As far as the investment arena of finance is concerned, Stetson students have the ability to make real–world decisions and as most will tell you, they have the responsibility to learn from them as well. The key to success is not always winning but the true victor is the one who always learns no matter what. As we all know it is the next class of Roland George students that inherit last year's decisions. So we would like to thank all the students from 2006, as well as previous years, for what has turned out to be brilliant decisions for our Fixed Income portfolio. With that being said, through the combination of a well planned investment policy and an exceptional group of students, we are looking forward to excellent returns for the Roland George class of 2007.

St. Perer's Cathedral,
photo by Justin Dannecker

director's update
by Dr. Larry Belcher

"Benign Neglect"

With another semester behind us, we end another year for the George Investments Program at Stetson University. As usual, there was a lot of feverish activity this year as we got ready to close out the year's decisions and get ready for summer. This is always an interesting time because with no students here in the summer, no trades get executed after the spring trades go through. It seems unusual that a mutual fund would turn over its entire management staff each year and then not actively manage the money for about a third of the year. Unfortunately, that is the way that most student–managed funds operate, unless they have summer classes that take care of the portfolio.

Philosophies differ as to how to approach summer. Some funds cash out entirely at the end of the year. With a $100,000 fund that is a part of a multimillion dollar university endowment, that might be feasible. For us, it would be impossible to do that. Other funds use stop losses or Spiders to make sure that no disaster strikes and no cash is left on the table. As is true in many other areas, we fight the herd in this area as well. Theoretically, I could as Director, by virtue of the charter, make unilateral decisions in the summer. Since this is a STUDENT–managed portfolio, I don't. Instead, I just monitor things, execute trades, pay expenses, and work with KC and Lynn to get ready for the fall. Many of my peers shudder when they hear this, but it mustn't be too detrimental to the portfolio, based on our long term performance. My term for our management philosophy is "benign neglect". It's meant tongue in cheek, of course, but compared to other funds it seems to fit.

This spring we had the first major restructuring since I became Director. The charter specifies a 50–50 mix of equities and fixed income and with the performance of both funds a couple of things happened. First, the combined portfolio went over $3 million in value, and second, the equity fund far outpaced the income fund as far as growth. So this month I am rebalancing both funds on the basis of the students' recommendations. After expenses the portfolio value will shrink back, but it was a happy day when the brokerage statements showed that $3million number. Last summer, it literally was $2,999,999 but never broke over.

Performance wise, we had a good year in both funds and added some interesting companies that you can read about. Another milestone of sorts was hit when we won our sixth RISE competition, placing first in Undergraduate Fixed Income management. It will all end sometime, I'm confident of — but at this point we have outdone any other school in this format. Even if we walked away tomorrow, I doubt that any school could match our run and the breadth of our performance. So, maybe other funds should adopt the "benign neglect" style – it might serve them well.

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"a dying breed - floor traders"

While on the trading floor, we met with a Goldman Sachs floor specialist named Andy Womack. Andy has worked on the floor for the past 20years. He spoke to us for 45 minutes and we, the four of us, hung on every word he said. He told about when the floor used to be packed. Lunches would be eaten while on the run from station to station, people were constantly moving about and if you had a split second to go to the bathroom then you'd be wise to take it because you might not get another chance. So what happened? That was the question we posed to him.

"Technology!" That was the answer he had given us. Computers had been placed inside the NYSE and it virtually eliminated most of the jobs held by his peers. Goldman Sachs themselves had been cut down to the minimum work force needed. Where they once had three stations along the floor and over 15 employees, they now have only one station and four employees. It was the same story with all the brokerage companies on the NYSE floor.

Andy showed us the handheld computer pad which had replaced his paper notepad. The handheld helped transfer orders instantly. This improved his performance — that is, when he actually received an order. Since the computers were installed, only a couple of months before our visit, most deals take place through the computer and manual orders (sent to his handheld) are few and far between.

If the computers were so detrimental to the workforce, why use them? Andy gave us one main reason why they needed the new computers; there was a new regulation passed recently which would require the NYSE to be a "fast floor". With the computers installed, they would deal in stock prices in nanoseconds and thus the NYSE became a "fast floor". There are drawbacks to the computers, though, other than the decreased presence of his peers. Unlike people, the computers can't sense the instability of the market prices or if a price is climbing too high. Instead, it just tries to get the best price possible every time. That is not always a good thing. As an example, Andy told us he had attributed the major market drop in early March to the computers inflating prices. The market needed to adjust itself and he told us to expect much more random drops like that to come.

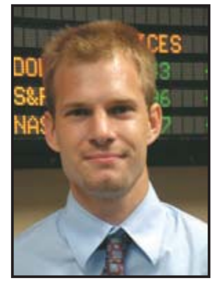
Overall, my experience at the NYSE was an enjoyable one. I have learned a lot about the future of the stock exchange and had a great time doing it. Unfortunately, Andy Womack is a dying breed. Once the computers are completely streamlined into the exchange, there may not be any more need for a man in his position. I feel extremely lucky, while the rest of the class went to go see the Wall Street bull, I was fortunate enough to be on the floor of the NYSE speaking to someone who has seen it all! The bull will always be there; but if everything continues as it is now, people like Andy Womack won't be.

by Christina Carpenter

Build–A–Bear Workshop, Inc., was founded in 1997 as a specialty retailer of plush animals and related products. It is the leading, and only national company to provide an interactive retail entertainment experience which allows guests to stuff and accessorize their own animals. Since opening the first store in October 1997, Build–A–Bear Workshop has sold over 36 million stuffed animals to its diverse guests who span broad age ranges and socioeconomic categories. It is listed on the New York Stock Exchange as BBW and went public on October 26, 2004. In November 2004, the company expanded the make–your–own concept of stuffed animals to stuffed dolls and opened the first Friends 2B Made store.

Build–A–Bear posted total revenues of $437 million in fiscal 2006 and earnings per share are expected to increase 17% from 2006 to 2007. Revenue growth is projected at 19%–20% for 2007 and will be driven by increased brand awareness and extensive plans for expansion, both nationally and internationally. The company currently has more than 270 stores in the United States, Canada, the United Kingdom and Ireland. Build–A–Bear Workshop received an analyst upgrade from neutral to outperform and has been listed as Citigroup analyst's pick for takeover because of attractive valuation, stable cash flows and absence of long–term debt.

Build–A–Bear Workshop is included in the Toy & Hobby Stores industry, of which it is the industry leader, and is also part of the Specialty Stores sub–industry. The Specialty Stores sub–industry index outperformed the S&P 500 in 2006, rising 16% versus the 13.3% increase for the S&P 500. The majority of Build–A–Bear Workshop's direct competitors are privately held and those that are not privately held fall behind BBW. The company is expected to continue outperforming peers in the years to come because of the company's leading position in a niche market.



RISE — chock full of amazing speakers

by Kevin Gallagher

From March 28th to March 31st, four George students were fortunate enough to attend the Redefining Investment Strategy Education Sumposium at the University of Dayton in Dayton, Ohio. Students Colin Moffatt, Christina Carpenter, Natalie Parker, and I heard some of the industry's most renowned leaders discuss pertinent issues facing investment professionals. It was a monumental event that turned out to be both an educational and self–assuring experience.

The first day was chock full of amazing speakers. The chief economist for Goldman Sachs, Dr. Jan Hatzius, offered his forecast for the U.S. economy while Ralph Alvarez, President and Chief Operating Officer of McDonald's, discussed the moral responsibilities of cor–porate leaders. Peter H. Coors, Chairman of Molson Coors Brewing Company, received an enthusiastic response from the students as he was introduced. He discussed the obligation that publicly traded companies must fulfill to its shareholders.

Throughout the forum, Dr. Bob Froehlich, Chairman for the Investor Strategy Committee of Deutsche Asset Management and an alumni of the University of Dayton, coolly moderated the event by helping articulate student questions. It was completely appropriate that Nobel Laureate Dr. Myron S. Scholes made an appearance at the forum. Dr. Michelson and Dr. Belcher, who accompanied the students to the forum, had just finished a lesson the week before on how to price options using the Black–Scholes model that Dr. Scholes coauthored. SEC commissioner Paul S. Atkins, humbly acknowledged that his vote for section 404 of the controversial Sarbanes–Oxley Act was one of his greatest mistakes. This astonishing admission was made even more spectacular considering that he was sitting a mere few feet away from CEOs that were directly burdened by the regulation.

The next day, we attended specialized breakout sessions and workshops which gave both students and professors an opportunity to hear investment professionals share insight in their respected fields. Attendees selected the sessions that they wanted to attend weeks prior. Dr. Belcher and I attended a panel discussion on Risk Management, and I was able to apply many of the theories that I had learned in Dr. Belcher's Financial Risk Management class to the panel's discussions. I also attended an equity analyst discussion in which analysts from Morningstar discussed their roles as stock analysts. Surprisingly, their jobs were not much different from the responsibilities of the students in the Roland George Investments Program. The biggest difference I found was that the analysts from Morningstar get paid for their due diligence.

The highlight of the weekend was on Friday night. After hearing the Reverend Jesse L. Jackson discuss politics and offer a few one–liners during our dinner, Dr. Bob Froehlich announced the results for the portfolio competition. For the seventh straight year, we were successful. We took top honor in the undergraduate fixed income category. We received several congratulations from students we had met earlier in a networking reception. It was a truly satisfying moment that confirmed what we already knew — the Roland George Investments Program is one of the best student–managed portfolio programs in the world.

by Roger Foley

In March 2007, the Roland George Investments Program voted to purchase 2,400 shares of BJ's Restaurants, Inc. BJ's Restaurants (BJRI) was founded in 1978 as BJ's Chicago Pizzeria in Santa Ana, California, and is currently headquartered in Huntington Beach, California. Today the company owns and operates 58 casual dining restaurants and is famous for their Chicago Style Pizza and award winning draft beers.

BJ's has expanded their restaurant operations into 8 states including California, Texas, Arizona, Colorado, Oregon, Nevada, Florida, and Ohio by recently opening 10+ locations per year. Twelve of these restaurants are also microbreweries which distribute specifically to BJ's restaurants.

In 2007, BJ's plans to open 13 new restaurants, increasing total operating weeks between 20–25%. Each 2007 targeted opening has been identified and secured with signed lease agreements (typically for 15-20 years), purchase agreements, or letters of intent. An additional 11 signed letters of intent agreements are already prepared for potential openings in 2008.[1] The 58th BJ's Restaurant location opened in Orlando, Forida, on April 17, 2007.

Technical analysis charts over a two–year period indicate that BJRI is currently trading at a relatively low price considering the 52–week average. This puts our investment in a good position because of the current support shown for BJRI. Since November 2006, the stock has indicated a head–and–shoulders pattern which also indicates the potential for supportive upward price movement.

BJ's Restaurants offer a unique concept that goes beyond the traditional casual dining experience. The company has also accomplished the feat of achieving 41 consecutive quarters of positive restaurant sales comparisons since their IPO.[2] I expect that with BJ's Restaurants poised to increase their number of restaurants by 56.36% over the next two years and a target price of $26.34 (11.73% undervalued), the Roland George Portfolio can look to yield a healthy 28.43% return over the next year.

[1] Yahoo! Finance–http://biz.yahoo.com/bw/070314/20070314005243.html?.v=1

[2] Edgar Online– http://google.brand.edgar-online.com/EFX_dll/EDGARpro.dll?FetchFilingOrig1?SessionID=aaIrjmmKL9rjv2z&ID=4722799

by Jennifer Beebe

Goldman Sachs currently operates in 25 countries with headquarters in New York City. The company operates in three main segments: investment banking, trading and principal investments, and asset management services.

The investment banking group performs two main functions: financial advising and underwriting. The financial advisory arm provides advice to institutions and investors on mergers and acquisitions, restructurings, and spin–offs. The underwriting function of the firm provides execution on IPOs and the placement of other equity and debt instruments. The trading and principal investments group facilitates customer transactions in the areas of fixed income, currency, and commodities, equities, and principal investments. The asset management and securities services group performs the functions of financial planning and prime brokerage, financing services, and securities lending.

This bond was swapped with the Caterpillar bond purchased last spring. The swap will provide the portfolio with increased coupon, duration, credit rating, and convexity. Currently, the bond has a coupon of 5.625%, duration of 7.419, convexity of .682, and a credit rating of A+. The increased duration will be a positive aspect as I predict interest rates to fall 10 bps this year. If this materializes, the bond will have a total return of 7.15%.

When examining the company's current finan–cial position, they appear to be in good shape to make continued interest and principal payments. For the past two years, the Times Interest Earned ratio has remained steady at 1.46. Over the past three years their revenues have increased from $30 billion in 2004 to $69 billion in 2006. The bottom line has also seen strong growth with $4.5 billion of net income in 2004 and $9.5 billion of net income in 2006.

The spread of the Caterpillar and Goldman Sachs bonds is .8, close to the high of .871. As this regresses back to the mean of .599, the swap profit will be magnified. Overall, this swap will be a positive addition to the Roland George Investments Portfolio.

rr donnelly & sons

by Adrian Alquinta

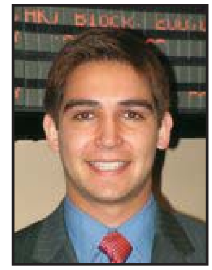
Donnelly & Sons has been in business for over 140 years — originally founded in 1864. With their headquarters in Chicago, Illinois, Donnelly provides world–wide services in all print related areas. Comprised of over eighteen segments, Donnelly supplies its customers with various printing solutions ranging from advertising to catalogs and books to large signs, digital photography, magazines, labels, etc. Anything that can be printed, RR Donnelly & Sons can and does print it.

This bond was originally presented as a bond swap. The goal was to swap out of Comcast and buy into Donnelly. Keeping in line with my lower interest rate forecast, Donnelly provided various incentives for the bond swap such as increased duration, increased convexity, and increased coupon payment. As of Monday, May 13th, 2007, the swap would have a return pickup of 101 basis points and the net P&L would be $10,391.

Since the fixed income account had surplus cash, Donnelly became an eligible bond for an outright buy. There are numerous advantages to buying Donnelly outright. First, Donnelly would provide a yearly return of 6.19%. Second, Comcast would stay in our portfolio, which is still offering a good return as well. Finally, we would gain diversity which is something I feel the portfolio needs more of.

The outcome was that the swap was approved. Also, our trustees unanimously voted to buy the bond outright. Ultimately, that is exactly what was done.

motorola - a household name



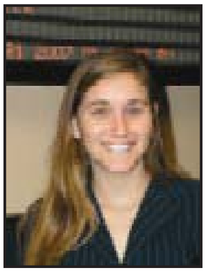
by Carlos I. Betancourt

Motorola, Inc., is a world known provider of integrated communications and embedded electronic solutions. The company offers products such as wireless telephones, two–way radios, messaging and satellite communication systems, and networking and internet access products. By having three separate business units – Connected Home Solutions, Mobile Devices, and Networks and Enterprise – Motorola has evolved into a Fortune 100 company with an impressive global presence. In the past two years, Motorola has been ranked fourth among America's 100 Best Corporate Citizens, which gives this company an excellent reputation in the United States.

As the spring semester was coming to an end, I recommended the Roland George Investments Program purchase a Motorola, Inc., bond due to its impressive characteristics that matched our investment policy. An Interest Coverage Ratio of 13.96 and a Times Interest Earned of 14.76 shows that Motorola will easily be able to make the interest and principal payments in the future. Other notable features in Motorola's financials include a Net Income of $3,661,000 and Net Sales of $42.9 billion during 2006.

Key Characteristics:	***Motorola, Inc. (MOT 7.5)***
Coupon	7.5
Maturity	05/15/2025
Rating (S&P)	A-
Modified Duration	9.97
Convexity	1.44
YTM	6.98
Price	105.300
Call Features	None

The world is experiencing a rapid transformation into what many call a technology–based world. As one of the dominant leaders in the wireless equipment field, Motorola has become a household name. A large market presence and a solid history make Motorola a strong company that has not reached its maximum potential. New products and agreements with other companies will give Motorola, Inc., an advantage in the future — which will certainly help the Roland George Investments Program increase its portfolio value.



by Cayla Culver

Referred to as "a shining empire of toddler towns" by Forbes.com, Bright Horizons Family Solutions is the world's leading provider of employer–sponsored child care, early education and work/life solutions. Headquartered in Watertown, Massachusetts, its business is conducted in Europe, Canada and the United States. Bright Horizons manages 642 child care centers for many of the world's leading corporations, hospitals, universities, and government agencies with the goal of helping employers support their employees balance the demands of work and family life. Services include center–based child care, education and enrichment programs, elementary school education, backup care, before and after school care for school age children, summer camps, vacation care, college coaching and other family support services. Bright Horizons also provides consulting services to companies to help increase the effectiveness of the company's strategy on helping employees find a balance between work and home life.

Founded in 1986, the company went public in 1997 and trades on the NASDAQ under the ticker BFAM. Bright Horizon's earnings are expected to grow at 17% over the next year which is well above the Education Industry's expected growth rate of 1%. Since my presentation of the stock, it has been upgraded from a "neutral" to a "buy" by Bank of America Securities.

Bright Horizons has a unique business model in which 80% of their buildings and child care sites are paid for by a third party. This allows them to save money and reinvest it back into the business, to provide better quality centers and to be able to make acquisitions that will allow the company to expand. Acquisitions account for one third of the company's growth. Most recently, in 2006, Bright Horizons acquired College Coach which allows the company to "address another critical life stage and extend their range of services."

The company also has many other opportunities for growth. The company's target market is employers with more than 500 employees working in one location and they believe that there are currently 17,000 of these sites in the U.S. and 4,000 in the U.K. and Ireland. Currently only 10% of employers in the United States offer on–site child care and with the trend among employers to become more family friendly, Bright Horizons is left with endless opportunities for growth and expansion.

As with every company, there are risks involved. Bright Horizon's revenues fluctuate seasonally and are lower in the second half of the year because parents withdraw their children for vacations in the third quarter. Another source of risk is that later this year United Auto Workers Union Ford is closing down seven child care centers that are managed by Bright Horizons. This will result in a reduction in revenues but this decrease will be offset by increases in revenues from new centers and acquisitions.

With 60 centers under development set to open in the next 12 to 24 months, I feel that Bright Horizons will prove to be a good investment choice for the Roland George Investments Program.

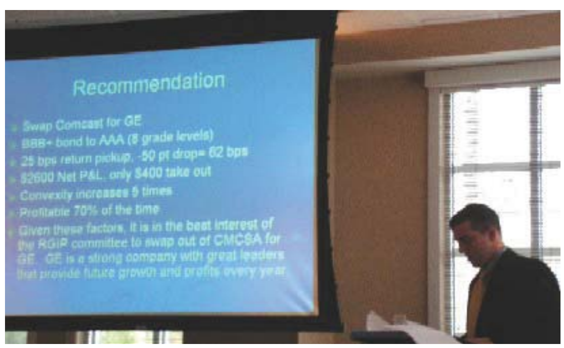
George Program students visit NASDAQ during Spring Break.
L-R, front row: Cayla Culver, Natalie Parker, Jennifer Beebe, Christina Carpenter, Paula Balestrieri,
L-R, back row: Fritz Ayres, Kevin Gallagher, Sean Marshall, Colin Moffatt, Pierce Timko, Roger Foley, Davidson Hobson, Adrian Alquinta, and Justin Dannecker.

by Sean Marshall

General Electric Company (GE) is a diversified industrial corporation. Founded in 1892 in Fairfield, Connecticut, GE currently has 319,000 employees. The Company is in the International Conglomerates industry and they conduct business in six different segments:

- Infrastructure – 29%
- Industrial – 22.6%
- Commercial Finance – 14.3%
- Consumer Finance – 13.5%
- Healthcare – 10.5%
- NBC Universal – 10.1%

General Electric Company has engaged in developing, manufacturing and marketing a wide variety of products for the generation, transmission, distribution, control and utili–zation of electricity since its incorporation. Its products include major appliances; lighting products; industrial automation products; medical diagnostic imaging systems; bioscience assays and separation technology products; electrical distribution and control equipment; locomotives; power generation and delivery products; nuclear power support services and fuel assemblies; commercial and military aircraft jet engines; chemicals and equipment for treatment of water and process systems; security equipment and systems; and engineered materials.



GE is involved with almost any business that has helped shape the modern world. Currently GE is growing in several different areas: biotech, renewable energy, and digital technology. Most recently, the company has been expanding in the industrial and health care business segments. General Electric has been growing worldwide, especially in emerging markets like India, China, Eastern Europe, Africa, and the Middle East. GE is also continuing to grow in some of their traditional businesses by acquisitions.

In 2006, GE acquired iVillage, Inc., IDX Systems Corporation, Zenon Membrance Solutions, and Arden Realty. GE Healthcare is in a deal with Abbott Laboratories, a global leader in medical diagnostic instruments and tests, to acquire its diagnostics business unit worth $8.13 billion. GE Healthcare is the world's largest manufacturer of medical imaging machines, so this acquisition would continue the growth of its Healthcare sector.

It is understandable why this is an investment grade bond with one of the highest possible ratings – AAA. The bond matures on 2/15/2017, which explains our increased duration for the portfolio and policy statements. General Electric's operating income is about 2.32 times the interest expense. This explains that GE is more than able to pay their interest expense and should be covered for a long time. The market cap for GE is $363.8 billion and it had a net income in 2006 of $20.666 billion. This net income has increased 3% from 2005. GE is a very strong company financially. Through its profitable operations the company was able to obtain over $30 billion in 2006 for the fourth consecutive year. They acquired over $7 billion in acquisitions in 2006 and were able to repurchase over $8.5 billion in capital stock. At the same time, they paid out dividends of over $10.4 billion. GE's net change in cash is $2.474 billion, which tells us that GE is a strong company that can pay back its debt and still be profitable.

With expectations that long–term interest rates will decline, the strategy to maximize our total return will be to increase the duration of our portfolio and credit rating. We will continue to get coupon payments of 5.4% and be in a position of holding an attractive secure bond. Based upon the analysis of the financials, history, and future growth of General Electric Company , the Roland George Insvestments Program purchased an investment–grade bond that continues the diversification and enhances growth of the portfolio.

"one-stop shopping"

by Adrian Alquinta

Clayton Holdings, Inc., (CLAY) is a business services company based in Shelton, Connecticut that offers a full suite of financial services which primarily include information–based analytics and specialty consulting services. Clayton's ultimate goals for their customers are to enhance liquidity, grow revenues, reduce costs, and manage risk. Clayton's clients primarily consist of commercial businesses, especially Wall Street firms like Goldman Sachs and Morgan Stanley. The fact that Clayton is so diversified makes them a great company to work with. They create a type of "one–stop shopping" for their clients, which is one of the core strengths of the company.

The approach I took when picking Clayton was to take a top down analysis to selecting a stock. At the time, the economy was recently hit with the subprime fallout and the financial industry was down. I knew that everyone would always need financial firms so I began to look for a company whose services would be most sought after once the dust settled and these companies bounced back. Clayton Holdings, Inc., was what I came out with.

The outlook for Clayton Holdings, Inc., appears to be very good. One of the most important services that Clayton has recently released is a new fraud risk management services suite. This service suite will be important once all the major companies affected by the subprime events begin to tighten up the way that they review potential loans, especially mortgage loans. Clayton's new fraud services suite was launched January 29, 2007. Its intent is to use Clayton's knowledge and database of over $1 trillion in subprime and Alt-A loans to provide a risk assessment service to protect Wall Street issuers, mortgage–backed securities bond holders, and residual holders from various types of fraud. The $1 trillion database is primarily built on Clayton's extensive due diligence and credit risk information.

I believe that Clayton Holdings, Inc., is poised for success. When the subprime fallout dust settles, Clayton will then be there with the right services available to protect these companies from future losses. The trustees agreed and voted to buy 3,000 shares of Clayton Holdings, Inc.

by Colin E. Moffatt

Aetna is one of the nation's leading diversified health care benefits companies, serving members with information and resources to help them make better informed decisions regarding health care. They offer a broad range of traditional and consumer directed health insurance products and related services including medical, pharmaceutical, dental, behavior health, group life, long term care and disability plans, and medical management capabilities. Aetna's customers include employer groups, individuals, college students, part–time and hourly workers, health plans and government sponsored plans.

The company's headquarters are in Hartford, Connecticut. The firm operates in three main business lines which are:

- Health Care – 88% of revenues
- Group Insurance – 9% of revenues
- Large Case Pensions – 3% of revenues

Their Health Care unit consists of health and dental plans which are either taken on by Aetna or by an employer–funded program. The group insurance segment includes life insurance, group disability insurance and long term care insurance. Finally, the Large Case Pension segment includes a variety of retirement products which consists of pension and annuity products primarily for defined benefit and contribution plans.

In 2006, Aetna had revenues of more than $23 billion and net income of $1.7 billion. The company also bought back $2.2 billion dollars worth of equities and paid a dividend of almost $21 million. Finally, the company increased its core diluted earnings by more than 20% in 2006 and increased its revenues by 11.53%. Overall, Aetna is a very strong company and it is obvious why the company is rated as one of the highest investment grade bonds.

The rationale for the swap was that Aetna was able to increase our coupon payments from 4.125% to 7.25%, increase our convexity from .062 to 1.33, increase our duration from 2.2 to 9.8, increase our credit rating from A to AA–, and increase our yield to maturity from 5.18% to 6.11%. All of these characteristics matched the objectives set forth in our investment policy statement. Given the superior attributes of the Aetna bond when compared to United Health Group, the Roland George Investments Program elected to sell United Health Group and buy Aetna.

Jamba Juice is a retailer of premium healthy blended beverages. They currently have 595 company and franchised stores in 22 states nationwide. Their menu consists of smoothies, yogurt blends, freshly squeezed juices, energy boosts, and baked goods. Keeping with the Jamba philosophy of living a balanced life, every product at Jamba Juice is nutritious. Jamba prides itself on using fresh fruit and not adding processed sugar or flavor–enhancing additives to their juices. The smoothies and juices are healthy and the menu is extensive enough to cater to any customer's individual lifestyle. There has been a growing interest among Americans in living a healthier and more active life. As brand presence increases, Jamba Juice will become the clear solution for health conscious individuals seeking alternatives from traditional snack and fast–food products.

Jamba Juice's success rests on their ability to establish brand presence. Their goal is to become synonymous with health energy, much like Starbucks is synony–mous with coffee and espresso related products. Once they have established brand presence, they will offer brand and product extensions. To build this brand presence they plan on expanding to 5,000 stores. With anticipated 20–30% sustainable new company store growth in the next three to four years, Jamba is anticipated to have about 1,500 stores by the end of 2010. For 2007, Jamba plans to open 90 company stores and 50 franchise stores. Based on their most recent 8K, published on 01/10/07, Jamba has $85 million in cash, no debt and $118 million proceeds potential from warrant exercise. This healthy balance sheet will allow Jamba to continue with its rapid expansion plans.

One hasn't truly eperienced NYC without experiencing the subway!

by Kevin Gallagher

Expansion for 2007 will be focused on increasing brand presence in existing markets: including New York, Chicago, Denver, Salt Lake City, Seattle, Phoenix, and California. Florida will also be a main focus from here on out. Although there is a huge market between New York and Florida, Jamba wants to make sure they are well established in existing markets before expanding to new markets. International expansion has been mentioned several times in conference calls and Jamba has said that they have ambitions to go global when the time is right.

With zero debt and plenty of cash, Jamba Juice looks to succeed with their aggressive expansion plans. The management team has a tremendous amount of experience with successful companies and has set clear strategic goals. A poor quarter in terms of net income provides a good entry point for investing. Based on valuation models it appears that this stock is already undervalued by about 35%. This is understandable given its back–door IPO (they became public through a merger with a SPAC) and modest analyst coverage.

As Jamba Juice establishes brand presence, management will begin extending their product line. This is a great opportunity to invest in a soon–to–be very important company.

Eating is always a fun time in NYC!

by Pierce Timko

Dolby Laboratories was founded in 1965 by Ray Dolby but wasn't publicly traded until February 25, 2005. The company operates in sound technologies with a goal to enhance the overall enter–tainment experience. Their products are the standard in several industries, ranging from DVD players to movie theatres. Their technologies are mandated in North American digital televisions and set–top boxes that use the ATSC tuners as well as European set–top boxes that broadcast HDTV. Dolby can be broken down into two major segments: licensing (75%) and product sales (25%). Its licensing segment operates by licensing tech–nologies to manufacturers of consumer electronics, from which they receive a percentage of sales. Its product sales segment designs, manufactures and sells products for the motion picture, broadcast, music and video game industries.

As of April 24, 2007, Dolby is up 19.63% year to date while the industry has appreciated only 7.27%. Since management is heavily invested in the company, as indicated by their long–term debt to equity ratio, the company has been able to improve gross margins, operating margins, and net margins over the past two years. The management's efficiency is also exhibited in the company's ability to maintain better key financial ratios than their industry, sector and the overall S&P 500.

To value the company, two pro–forma statements were created to give a low growth estimate and a high growth estimate. After utilizing these growth estimates in valuation models, an average fair value of $36.97 was calculated, with fair value ranging from a pessimistic estimate of $35.30 to an optimistic estimate $41.01. Also, by using next year's estimated earnings, a target price of $40.25 was calculated, ranging from $37.32 to $43.19.

With the recent shift towards digital technology, Dolby will continue to benefit from the growing demand of digital products. Over the past few months Dolby Laboratories has made several promising announcements relating to the expansion of its next generation digital projectors for movie theatres – specifically the Dolby JPEG 2000 system – to be used in new markets such as China and Europe, as well as within the expansion in North America. It also has announced its introduction of watermarking technology which will prevent the illegal copying of recorded television that has recently spread on the internet through sites such as YouTube.

They will also benefit as demand continues to increase for next generation DVD players and digital televisions, as well the increasing demand for its digital television broadcast products. Recently, the company acquired BrightSide Technologies to expand in the digital image processing business, which is outside of their core sound technology development.

Since the purchase of this stock, the company has made several announce–ments relating to the demand for its digital projectors and watermarking technology which suggest the fair price and target value are towards the optimistic estimates. Moreover, analysts from Kaufman Bros. initiated coverage of this company and rated it as a buy on April 4th. The Roland George Investments Program purchased 1,500 shares at a price of $34.35.

	DLB	Industry	Sector	S&P 500
Days In Receivable	21.3	43.9	46.5	34.5
Quick Ratio	6.22	2.77	2.59	1.19
Current Ratio	6.34	3.34	3.08	1.68
LT Debt To Equity	0.02	0.17	0.19	0.57
ROA	14.68	8.92	11.09	8.09
ROE	18.02	16.18	19.55	20.28
Gross Margin	80.58	47.75	52.47	45.23
Operating Margin	33.10	16.80	17.73	19.78
Net Profit Margin	22.87	15.67	14.49	13.54

by Natalie Parker

Color Kinetics, Inc., is a unique company with an extraordinary business line. Founded in 1997, Color Kinetics designs and manufactures LED lighting systems used around the globe. They operate in two principle lines of business, the actual manufacture and design of the product and the licensing of the patent on the products.

Although a young company, they are even younger for investors since they just IPO'd in June 2004 for $10 a share under the symbol CLRK on the NASDAQ. With an exceptional product, Color Kinetics is in an industry all their own. They have only a handful of competitor's – none of which are publicly traded.

The specialty light market that Color Kinetics operates in is best described by a remark on their website: *"From Broadway sets and television studios, to renowned architectural structures, interiors, and artworks, CK's customers break boundaries in their forward–looking use of light to transform spaces, build brands, and incite imagination."*

Over the next few months, Color Kinetics will extend its revenues from the specialty lighting market to the commercial and residential lighting of the traditional white light. Although they have earned no substantial revenues from this field thus far, they are heavily concentrating on this for 2007 and years to come. In a recent news release, the president and CEO, Bill Sims, predicted that by 2030 75% of the commercial lighting world would be lit with LED's.

Since recommending Color Kinetics, several announce–ments have been released all of which helped to boost the price. On April 4, 2007, Color Kinetics signed their first automotive agreement with Ford Motor Company enabling their lighting technology to be installed in Ford Mustangs. On April 23, 2007, Color Kinetics announced a global licensing agreement with TRUMPF, a $2 billion German manufacturing company. According to a press release, *"TRUMPF will license Color Kinetics' patents to offer the iLED surgical light, which combines intelligent microprocessor control with LEDs to produce variable color temperatures of light. This agreement marks Color Kinetics' first in the medical lighting field, and the first related specifically to white light applications."*

In the short month we have owned Color Kinetics, we have experienced a return of 14%. As with all investments, Color Kinetics carries its share of risk, the majority attributed to its patent portfolio which must uphold against the court system. In the two years since its IPO, there have been two cases brought before a judge although both were ruled in favor of Color Kinetics. I believe that Color Kinetics' patents can uphold any future court challenges; however, it is a risk that must be weighed.

Color Kinetics has a bright future that the Roland George Investments Program will get to experience.

owens & minor, inc.

by Colin E. Moffatt

Owens & Minor, Inc., is a Fortune 500 company and the leading distributor of national brand name medical and surgical supplies to hospitals and integrated health care systems. Since its beginning in 1882, the company has had a strong history of stable revenue growth, earnings growth and dividend growth. Through its extensive distribution network, diverse product offering and expertise in technology, logistics and supply–chain management, Owens & Minor serves more than 4,000 customers nationwide, including acute–care hospitals, group purchasing organizations, and integrated health care systems.

The company's primary focus is providing its customers with effective health care solutions at the lowest possible cost. Through this mission the company has received very favorable reviews from more than 97% of its customers. It is through this primary focus that Owens & Minor has grown its customer base to more than 4,000 customers and established a strong reputation nationwide for excelling in its field.

Given the current trend of the economy and the financial markets, OMI is a very attractive company. Aside from their stable growth and their position in a defensive industry, OMI also pays a dividend yield exceeding 2%. Therefore, given the current valuation of the company, we can expect gains in the stock price as well as a high dividend yield. Through a series of strategic acquisitions in the first quarter of 2007, Owens & Minor was able to grow revenues by 34.1%, exceeding the consensus on the street of revenue growth of 30%. This increased growth is expected to continue in the future, further highlighting the potential of Owens & Minor, Inc.

Given Owens & Minor's increased growth in revenues, their implementation of more efficient distribution channels and their stable earnings growth, the members of the Roland George Investments Program elected to purchase 1,500 shares of Owens & Minor Incorporated. The George Program feels this is a very strong company situated in a growing industry and looks forward to holding it in the future.

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School of Business Administration
George Investments Institute
421 N. Woodland Blvd., Unit 8398
DeLand, FL 32723

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Permit No. 20455

staff & comments

director
Lawrence J. Belcher, Ph.D.
lbelcher@stetson.edu

professor
K. C. Ma, Ph.D., CFA
KCMA95@aol.com

senior editor
Andrew Zaleski

publications specialist
Lynn Thompson
lthompso@stetson.edu

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 overcoming 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 $3.1 million dollars. Insights are gained through contact with professionals such as Robert Stovall, CFA, of Wood Asset Management, Inc., Sarasota, FL.

For information on the Roland George Investments Program contact Dr. Larry Belcher at 386-822-7442.

george