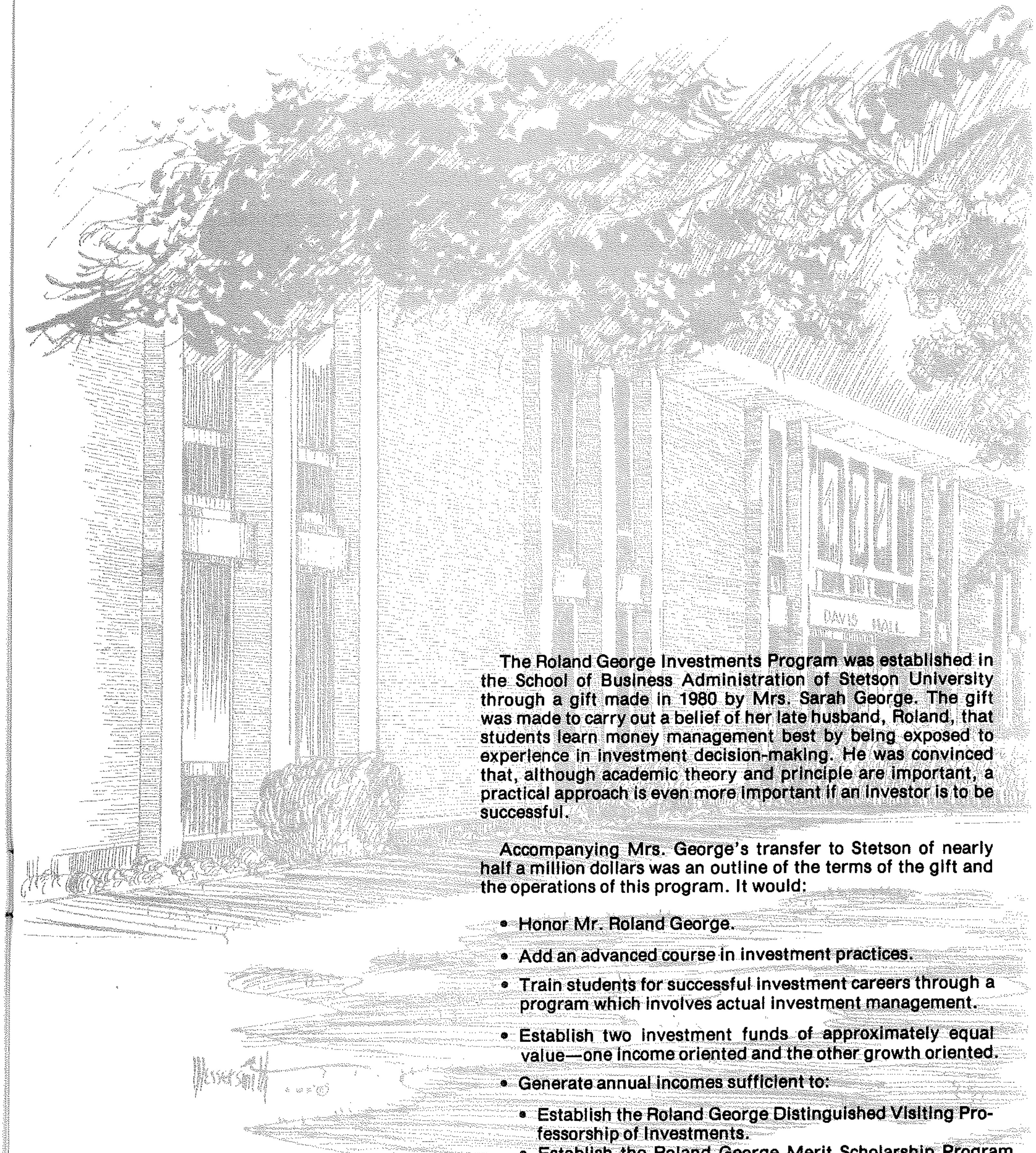
The Roland George Investments Program

1982-83 ANNUAL REPORT

School of Business Administration
Stetson University
DeLand, Florida

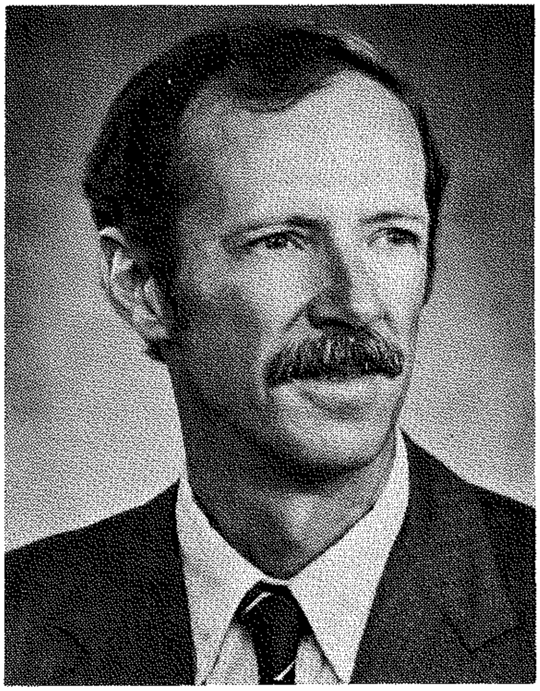


The Roland George Investments Program was established in the School of Business Administration of Stetson University through a gift made in 1980 by Mrs. Sarah George. The gift was made to carry out a belief of her late husband, Roland, that students learn money management best by being exposed to experience in investment decision-making. He was convinced that, although academic theory and principle are important, a practical approach is even more important if an investor is to be successful.

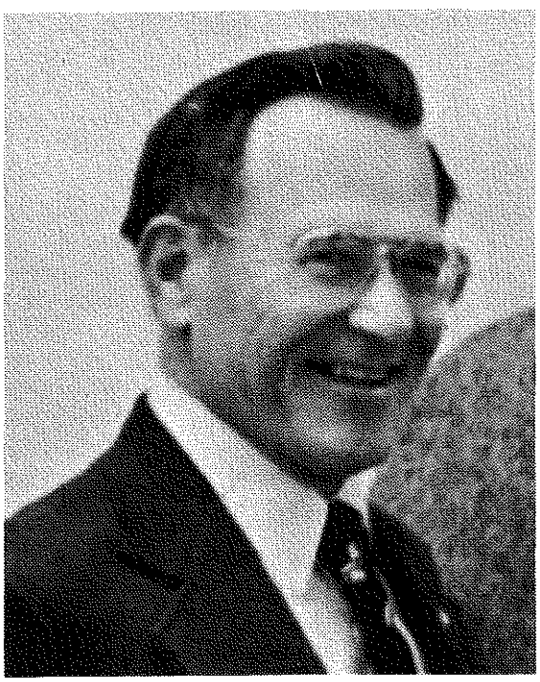
Accompanying Mrs. George's transfer to Stetson of nearly half a million dollars was an outline of the terms of the gift and the operations of this program. It would:

- Honor Mr. Roland George.
- Add an advanced course in investment practices.
- Train students for successful investment careers through a program which involves actual investment management.
- Establish two investment funds of approximately equal value—one income oriented and the other growth oriented.
- Generate annual incomes sufficient to:
  - Establish the Roland George Distinguished Visiting Professorship of Investments.
  - Establish the Roland George Merit Scholarship Program designated for students seeking careers in investments.
  - Purchase library resources to support the teaching of investments.
  - Administer the overall program.

Roland George Investments Program



David W. Nylen
Dean
School of Business
Administration



Kenneth L. Jackson
Director
Roland George Investments Program

Several exciting new developments have occurred during the Program's third year of existence.

First, the market value of the combined portfolios stood at $781,347 on May 31, 1983, as illustrated in Table A. From the gifts of $481,499 in August 1980 and $86,796 in February 1982, the portfolios have grown by 37.5% (after program expenses) compared to a 23.7% increase in the Standard and Poor's (S&P) 500 during the same period. Including expenses, the funds have grown by an overall 48.7%.

For the first time, computers were used in the program for the purposes of selection and portfolio management. Residence time of the visiting professors was increased significantly. Two research papers were completed during the semester with student participation. And for the first time, administrative guidelines were instituted to provide for portfolio management during the nine months between courses.

As in 1982, the program course was taught by Mr. Gerald Kennedy, of Kennedy Capital Management, Inc. This year, Mr. Kennedy enlisted the assistance of Mr. Max Zavanelli, of Zavanelli Portfolio Research, as well as a number of guest lecturers in special fields of investment expertise.

In addition to covering the teaching and administrative sides of the George program, Portfolio revenues were more than sufficient to fund over $2,000 in new library acquisitions and $3,000 in scholarships. This year's scholarship winners were Vicki Beers, of Lakeland, Fl.; Monica Drake, Ocala, Fl.; Russell Knox, Memphis, Tenn.; and Kimberly Lacko, Fort Myers, Fl.

It was altogether a good year for the Roland George Investments Program. Our pledge is to continue to obtain top-flight investment practitioners willing to pass on their knowledge and skills as guest instructors. And as always, we will work to improve course organization and design, to facilitate student learning and application of professional investment skills.

Inaugural Class of 1981

B. Carter Randall, panelist on the "Wall Street Week" TV program, was the Distinguished Visiting Professor for the first year's course. Most of the assets were purchased by March 31, 1981, and the portfolios remained essentially unchanged until April 1982 when the Class of 1982 made major portfolio changes.

Income Fund

Based on portfolio acquisition costs of $239,418, current yield was 10.2%. The fund increased in value from $239,418 to $266,891; after expenses it was reduced to $259,401, a gain of 11.5%. During the period March 31, 1981, to March 31, 1982, the Dow Jones Index for twenty bonds fell 6.7% (from 61.99 to 57.83) and the S&P 500 Index fell 17% (from 135 to 112). The George portfolio value of U.S. Treasury instruments and commercial bonds fell $3,770 (-4%) while portfolio value of stocks rose $3,668 (+3,3%). The net unrealized capital loss of $102 was negligible but noteworthy when compared to the decline in indices. A 10.2% current yield invested to give an 11.5% appreciation in portfolio value without capital loss indicates commendable performance on the part of the Class of 1981 Income Fund.

Growth Fund

Evaluation of growth fund performance for the period March 1981 through March 1982 is as follows: dividend and interest income of $15,746 resulted from stock dividends of $8,025, treasury bill interest of $3,731 and money market return of $3,990. Based on portfolio cost of $282,450, current yield was 5.6% reinvested to produce a total portfolio value of $299,472. Program expenditures reduced this to $281,622 at year end. This is a total portfolio gain of 6% over a period when the Dow index **decreased** 16.1%—outstanding!

Investment Program Income

Program expenditures during the fiscal year must be paid from incomes earned during that year. Fiscal 1981-82 income of $46,218 more than offset budgeted expenses of $30,000 and acutal expenses of $27,870. Unexpended income reverted to capital and was reinvested.

The Second Year

Gerald T. Kennedy, president of Kennedy Capital Management, Inc., was chosen as Distinguished Visiting Professor for the class of 1982. His firm has successfully managed investment portfolios for individuals and corporate pension accounts. and he is also the general manager of the Templeton "Kindness, N.V." fund. He was formerly in charge of training and professional development of Monsanto Company plant managers worldwide. It was agreed that he would serve as visiting professor and be in residence for the first and last weeks of the course while commuting from St. Louis for intermediate class periods.

Mr. Kennedy secured the services of nine successful investment practitioners, prominent in their fields, to lecture on their various specialties. This approach afforded students a broad base of knowledge from many professionals—all in one semester!

Portfolio Performance - Class of 1982

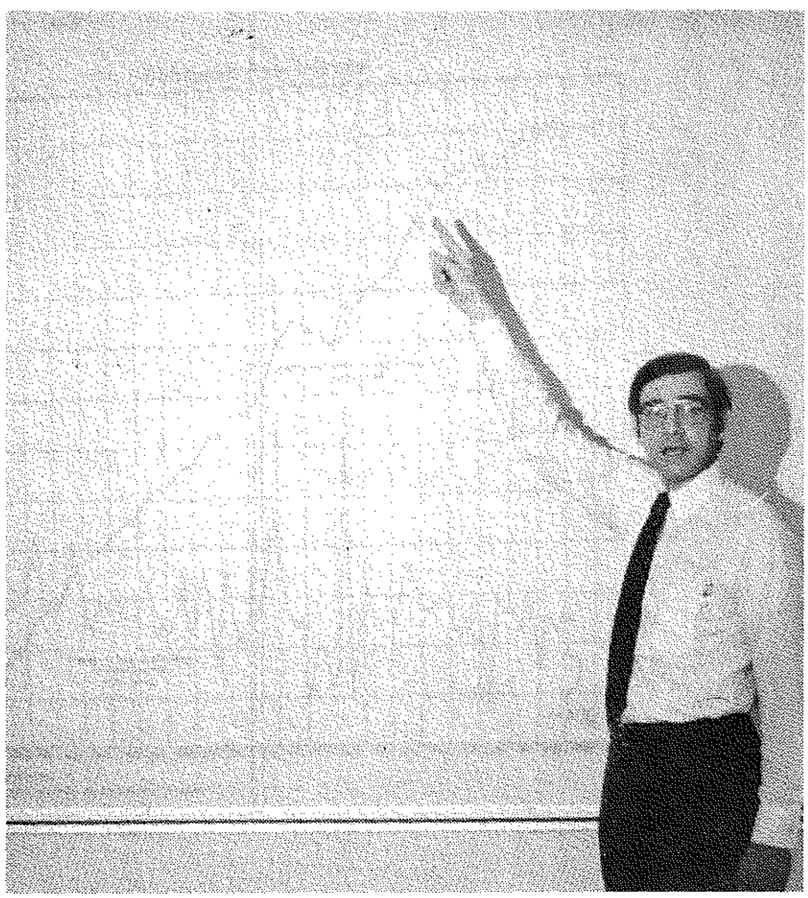
Assets purchased for the 1982-83 year were acquired in April 1982 with the exception of several issues selected by students as part of the course final in early May.

Gerald Kennedy

Table A INCOME & GROWTH. SCHEDULE OF INVESTMENTS, 5-31-83.

GROWTH		MARKET VALUE
Banks - 5%		
400	Fleet Financial Group	$ 19,500.00
Cosmetics Toiletries - 4%		
400	Conair	15,500.00
Computers Mini/Micro - 11%		
200	Commodore International	18,375.00
100	Digital Equipment	11,112.50
200	Hewlett Packard Co.	16,575.00
Drugs & Medical - 6%		
300	Pfizer	23,062.50
Engineering R&D - 5%		
900	Cerberonics, Inc.	21,375.00
Finance - 12%		
400	First Boston, Inc.	24,650.00
525	Narragansett Capital	23,625.00
Food & Dairy Products - 4%		
400	Smucker (J.M.) Co.	17,200.00
Heavy Construction - 4%		
1000	Dynalectron Corp.	15,125.00
Machinery Electric - 5%		
200	General Electric	20,675.00
Protection & Safety - 8%		
600	Sensormatic	31,200.00
Retail - 13%		
1000	Greenman Brothers, Inc.	14,250.00
1000	Munford, Inc.	22,750.00
300	Tandy Corp.	18,300.00
Textile & Apparel - 17%		
500	Tultex	23,437.50
300	V.F. Corp.	21,262.50
990	Amfesco	22,893.75
Mutual Funds - 6%		
1530	20th Century Investments	24,487.36
Cash Equivalents		1,830.23
NET TOTAL GROWTH ASSETS		$407.186.34

INCOME				MARKET VALUE
Treasury Bonds & Notes - 28.5%				
40,000	U.S. Treasury Bond	6-3/4%	02/15/93	$ 30,650.00
30,000	U.S. Treasury Bond	8-3/4%	08/15/94	26,025.00
25,000	U.S. Treasury Bond	10-1/8%	11/15/94	23,937.50
25,000	U.S. Treasury Note	13-3/4%	05/15/84	25,859.50
Corporate Bonds - 42%				
21,000	Aetna Ins. Co.	8-1/8%	10/15/07	16,012.50
20,000	American Tel & Tel	10-3/8%	06/01/90	19,475.00
25,000	Bank of America	8-7/8%	02/15/05	20,127.50
15,000	Bell Tel of Pa.	11-7/8%	04/15/20	14,775.00
25,000	Dow Chemical	8-5/8%	02/15/08	18,312.50
30,000	General Electric	8-1/2%	05/01/04	24,187.50
10,000	GMAC	14-3/4%	07/15/92	10,112.50
20,000	IBM	9-3/8%	10/01/04	17,400.00
25,000	Sears, Roebuck	7-7/8%	02/01/07	17,830.00
Notes & Mortages - 23%				
	Jacobs Mortgage	12%		33,674.35
	Rhodes Mortgage	8%		52,105.84
Common Stocks - 5.5%				
800	Allied Capital			20,400.00
Cash Equivalents - 1%				
	DSB&T Money Market Fund			3,276.20
NET TOTAL INCOME ASSETS				$374,160.89



Dr. Nicholas Filippello discussing 83-84 economics forecast.

Income Fund

Table B illustrates performance of the income portfolio from acquisition through March 31, 1983. Based on portfolio acquisition costs of $341,795 and income of $36,861, yield was 10.8%. Additionally, the income fund's market value increased to $399,785, or 17.0%, for a total gain of 27.8%.

Growth Fund

Table C illustrates performance of the growth portfolio from acquisition through March 31, 1983. Based on portfolio acquisition costs of $282,670, income of $15,504 was 5.5%. Additionally, the growth fund market value increased from $282,670 to $408,311, for a total gain of 44.4%.

Overall, second year combined operations provided income of $52,365, leaving $18,365 for reinvestment after program expenses of approximately $34,000.

Table B **Class of 1982 Income Portfolio (3-31-83 Market Value)**

				Acquisition Cost		Market Value 3-31-83		Fiscal Year 1983
Unit	**Types of Assets**			**Per Unit**	**Amount**	**Per Unit**	**Amount**	**Income**
	Cash				17			
	ILAF				459		27,822	
	Federated Master Trust				21,357		39,903	
	Subtotal				$ 21,833		$ 67,725	$ 2,500
25	*Treasury Notes	13-1/2%	05/15/84	98.000	24,625	104.000	26,000	3,312
40	Treasury Notes	6-3/4%	02/15/93	67.000	26,832	77.190	30,875	2,700
30	Treasury Bonds	8-3/4%	08/15/94	74.750	22,457	88.160	26,447	2,625
25	Treasury Bonds	10-1/8%	11/15/94	79.000	19,750	97.090	24,274	2,531
	Subtotal				$ 93,664		$ 107,596	$ 11,168
20	*AT&T	10-3/8%	06/01/90	82.875	16,575	98.750	19,700	2,075
25	AT&T	7%	02/15/01	58.000	14,700			
20	Bank America	8-7/8%	02/15/05	64.625	13,088	78.500	15,700	1,775
15	Bell Tel of Pa.	11-7/8%	04/15/20	82.000	12,425	99.130	14,869	1,781
20	Gen Electric	8-1/2%	05/01/04	67.000	13,562	81.130	16,225	1,700
20	*IBM	9-3/8%	10/01/04	72.375	14,475	87.500	17,500	1,875
	Subtotal				$ 84,825		$ 83,994	$ 9,206
600	Bel Tel of Canada			15.875	9,660	20.500	12,500	1,218
600	Central Vermont Public Service			17.125	10,416	22.750	13,650	1,315
300	Columbia Gas			32.375	9,831	30.000	9,000	880
200	Consolidated Natural Gas			47.375	9,585			564
500	Orange Rockland Utilities			16.375	8,281	20.750	10,375	870
500	Rochester Gas & Electric			14.250	7,235	17.750	8,875	900
	Subtotal				$ 55,008		$ 54,400	$ 5,747
	Mortgage #1				33,798		33,868	4,050
	Mortgage #2				52,667		52,202	4,190
	Subtotal				$ 86,465		$ 86,070	$ 8,240
	NET TOTAL ASSETS				$ 341,795		$ 399,785	$ 36,861

*Assets in 1982 portfolio which were retained by Class of 1983. For evaluation of 1983 portfolio performance, these assets were considered acquired at market values existing on March 31, 1983.

Table C Class of 1982 Growth Portfolio (3-31-83)

Units	Types of Assets	Acquisition Cost Per Unit	Acquisition Cost Amount	Market Value 3-31-83 Per Unit	Market Value 3-31-83 Amount	Fiscal Year 1983 Income
	Cash		851		15,475	
	Federated Money Market		16,102		128,082	
	Subtotal		$ 16,953		$ 143,557	$ 2,350
500	Arizona Public Service	21.125	10,700	24.375	12,188	1,260
600	**Baxter Travenol	33.600	20,175			276
400	Chase Manhattan	54.875	22,041			1,360
300	Consolidated Edison	37.875	11,494			1,008
100	**Digital Equipment	78.300	7,825	124.750	12,475	--
1000	Dynalectron	9.250	9,250	12.875	12,875	250
400	Fleet Financial	27.125	10,966	38.625	15,450	880
200	**General Electric	61.500	12,275	105.000	21,000	760
200	**Hewlett Packard	59.100	8,250	79.750	15,950	60
800	Joy Manufacturing	27.000	21,810			1,120
1000	*Munford Industries	10.300	10,300	18.750	18,750	--
800	NL Industries	27.125	21,910			800
525	*Narragansett	21.430	11,251	39.500	20,737	3,180
300	Northwest Industries	69.750	21,083			1,320
300	*Pfizer	52.500	14,750	75.750	22,725	696
1700	Rowan Companies	12.750	21,277			136
600	*Sensormatic	20.500	12,300	53,500	32,100	48
600	**Tandy	30.100	18,060	56.875	36,975	--
2794	Twentieth Century Growth Fund			15.580	43,529	--
	Subtotal		$ 265,717		$ 264,754	$ 13,154
	NET TOTAL ASSETS		$ 282,670		$ 408,311	$ 15,504

*Stock split.

**Assets in Class of 1982 portfolio that were retained by Class of 1983. For evaluation of portfolio performance, these assets were considered acquired at market values existing on March 31, 1983.

Gerald Kennedy, student Glenn Kovach and Fred Newcomb.

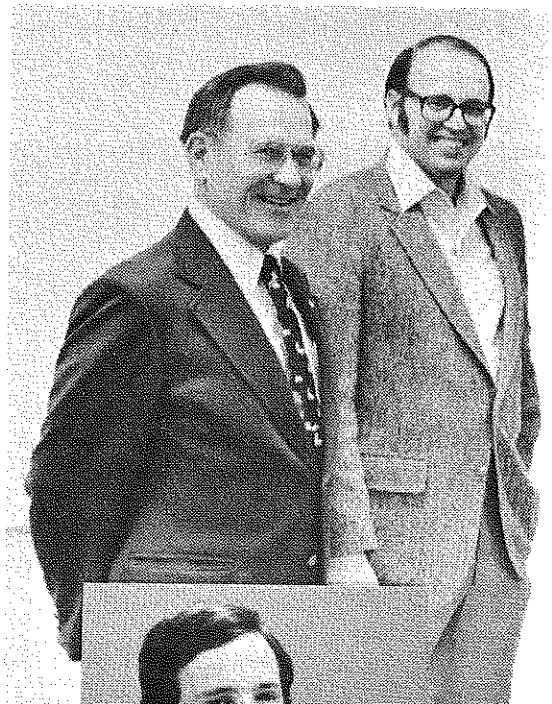
The Third Year

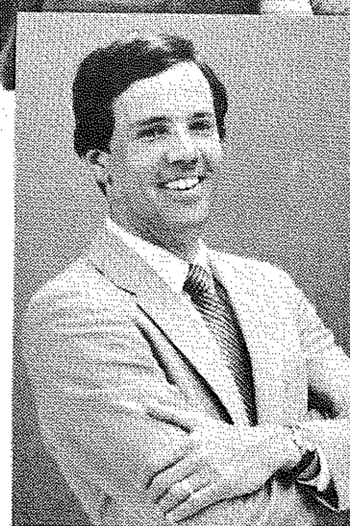
In order to provide close to full-time residence service by prominent practitioners in the investment field, Mr. Max Zavanelli agreed to provide five weeks' full-time residence supervision of student research during the program.

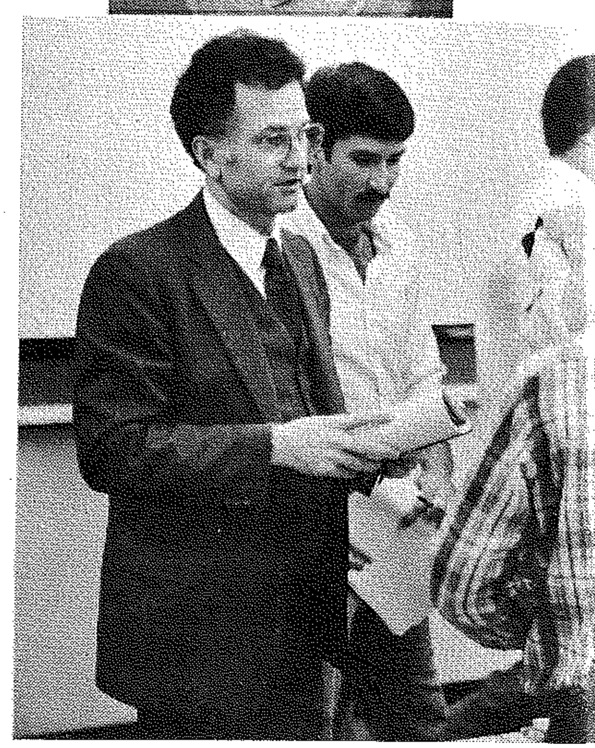
Mr. Zavanelli is president of Zavanelli Portfolio Research, a registered advisory firm in Chicago. Mr. Zavanelli's firm has successfully provided portfolio advisory services for large institutional investors.

Mr. Zavanelli lectured on the various philosophies of investment currently in practice. Among these philosophies were fundamental and technical analysis and modern portfolio theory. He also explored the investment approach of the behavioral empiricist. This scientific approach identifies economic relationships in a dynamic market using game theory to exploit patterns of investor behavior. The relationship of risk and return and the mathematics of diversification were demonstrated. The class was shown how to use these techniques in assessing stocks, bonds and T-bills for individual investment objectives within portfolios. Zavanelli also focused on the effects of earnings surprises and forecasts on stock prices using academic studies from the last 15 years. He presented several in-class computer demonstrations, revealing smaller home computers (such as the Apple II) could aid investors by a) accessing stock quotations; b) providing recent information on companies; and c) aiding in portfolio evaluation. Also demonstrated was the transformation of a home computer into a super-computer by linking with large computer mainframes via time-sharing services. The class learned how a computer statistical package could accomplish in seconds what would take an hour on a calculator. A demonstration of a 1400-stock database enabled students to select combinations of 26 variables and instantly screen stocks. A descriptive report was generated on the George portfolio using this database.

Mr. Kennedy gave a series of introductory lectures describing how Kennedy Capital screens and selects stocks for its clients. Stock-screening techniques, statistical mathematical model structuring and key variable relative weight assignments to provide statistically significant excess returns were covered. Research sources, references, and bibliographies of research papers were provided along with assignments for student research reports on stock selection criteria. Mr. Kennedy also coordinated the recruitment and scheduling of the nine guest lecturers, prepared exams, counseled students and collated the information for final reports.



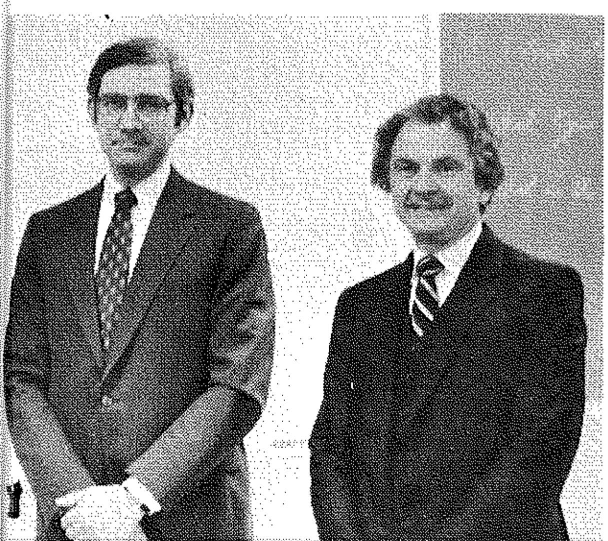




Lecturers

Dr. A. Nicholas Filippello, director, economic analysis, Monsanto Company, was a consultant to President Reagan's Council of Economic Advisors, and was an economist at the U.S. Department of Agriculture, international monetary and trade research. His topic was economic analysis and forecasting, government regulations, taxation and investment incentives.

Mr. Bruce Hanley, vice president, financial services, William O'Neil Company, is a consultant to major U.S. and European managers. Previous to this position he managed $200 million in trust accounts at Seattle First National Bank. His topic



included the effective use of O'Neil Database, Datagraphs, Long Term Values and Portfolio Monitor Services' industry groups and stock selection strategy.

Mr. Gary Motyl is the director of Templeton Investment Counsel, Inc., a firm which currently has over $1 billion under management. He is involved in international equities management, evaluation and investment. Mr. Motyl's talk centered on international diversification, equity securities management, analysis and fundamentals.

Mr. James Huckeba, president, Huckeba/Hall Real Estate Development Company, is a developer and builder. He discussed real estate investment objectives, evaluation and risk factors in real estate investments, effects of real estate losses and tax credits.

Mr. Charles H. Montford, senior vice president and senior investment officer, Barnett Banks and Trust Co., Jacksonville, Florida, has previous investment experience which includes First Union Charter (North Carolina), Bank of Southwest (Houston) and First Atlanta. His lecture included sophisticated investment systems for qualitative, relative valuation and timing/expectation models.

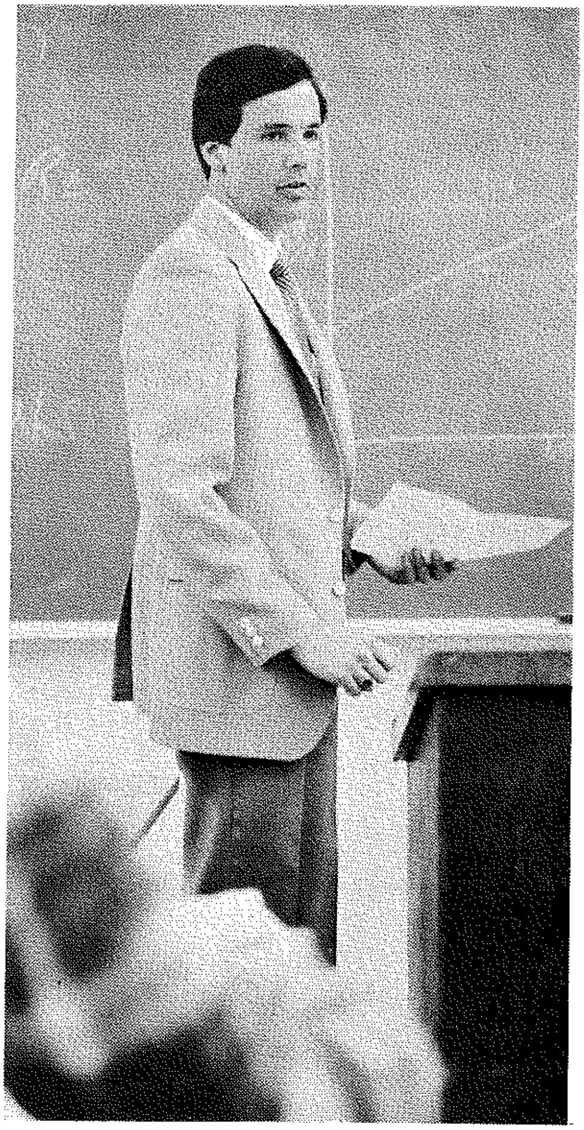
Mr. Frederick W. Newcomb is past president of the Mutual Fund Society and president, Aim Financial Services. The latter provides equity management consulting for institutional clients. His previous experience includes the vice presidency of Putnam Fund Distribution of Boston. Mr. Newcomb lectured on mutual fund investment objectives and results, as well as evaluation of investment management results.

Mr. Jack Tilton is senior vice president of American National Bank and Trust (Chicago), an institution which ranked first among the 240 banking institutions evaluated by Pensions & Investment Age. In 1981, America's commingled fund results were up more than 20% over the S&P 500 results. Mr. Tilton spoke on market investment models, market dominance, stock selection, market power mathematical model use, analyst earnings estimate trend and trend change models.

Mr. Robert Wohleber, director, pension asset management, Copperweld Company (Pittsburgh), covered performance criteria for measuring external asset management. The class learned of external asset management controls and strategy, and performance criteria from Mr. Wohleber.

Mrs. Linda Savage Ruhe, associate editor of Pensions & Investment Age (Chicago), interviewed some of the class members as well as several of the previous year's graduates. An article covering the program is scheduled for publication in Amtrak magazine about October 1983.

Top (L-R) Ken Jackson, Max Zavanelli, Nicholas Filippello, Gerald Kennedy
Center (L-R) Bob Wohleber, James Huckeba
Bottom. Bruce Hanley with students



Bob Wahleber

Portfolio Changes - Class of 1983

Actual portfolio sales and purchases were implemented in April and early May. Stock and bond selections were made by a process which first required each student to make seven investment selections. The selections included:

Three growth selections:
- Balanced yield and growth.
- Aggressive growth.
- Very aggressive growth.

Three income selections:
- High yield stock.
- Secure yield bond or income source.
- High yield with capital appreciation potential.

One alternative investment selection (with ability to provide growth or increased yield for portfolio) from any source so long as it met the Roland George investment criteria.

Each of four class teams then reviewed the selections from each member and made team recommendations to the class. All recommendations made were evaluated against a matrix of separate criteria identified and previously reviewed and evaluated by the class as being of most value from screening criteria investigated and reported from previous research papers and references. All stocks subsequently presented to the investment committee were first submitted to a formal decision/analysis process.

Stocks to remain in the growth portfolio and newly acquired stocks to be added to the portfolio were to meet the following mandatory criteria:

- The industry under which the stock was classified must rate among the top one-third of all industries.
- Earnings over the past year must have been greater than those over the prior year.
- Earnings over the past year must have been greater than were the earnings five years prior.
- Timeliness rating for purchase must be either I or II by Value Line, or A or B by William O'Neil organization.

Secondary but not mandatory were the following additional considerations:

- The stock should be in the top one-third of all companies within its industry group.
- There should be some but not excessive institutional ownership.
- There should be fewer than 20 million shares outstanding.
- The price-earnings (P/E) ratio should be in the lowest quintile in the industry group.
- The P/E should be lower than the average P/E in the S&P 500.
- There should have been no recent reduction in dividends.
- Sales should be accelerating over the most recent three quarters as compared to comparable quarter one year prior.
- Insider buying should generally be greater than insider selling.

Table D Class of 1983 Growth Fund

Table D lists the holdover additions and eliminations approved by the investments committee.

Unit	Description	Original Cost	Sales Price
HELD			
100	Digital Equipment	84.500*	
1000	Dynalectron (Amex)	9.250	
400	Fleet Financial Group	27.125	
200	General Electric	65.500*	
200	Hewlett Packard	42.000*	
800	Munford	12.875	
525	Narragansett (OTC)	21.500	
300	Pfizer	49.500*	
600	Sensormatic (OTC)	17.000*	
300	Tandy	23.750*	
ACQUIRED			
900	Amfesco	26.000	
900	Cerberonics (OTC)	23.250	
200	Commodore International	87.250	
400	Conair (OTC)	39.875	
200	First Boston	127.500	
1000	Greenman (Amex)	19.250	
200	Smucker	89.500	
500	Tultex (Amex)	44.000	
300	VF Industries	69.750	
SOLD			
2000	Aegis	2.375	3.000
500	Arizona Public Service	21.125	24.875
600	Baxter Travenol	27.000*	51.375
400	Chase Manhattan	54.625	51.125
600	Consolidated Edison	19.000	22.125
800	Joy Manufacturing	27.000	23.750
800	NL Industries	27.125	14.375
300	Northwest Industries	69.750	35.750
1700	Rowan	12.375	10.000
300	Tandy (one-half)	23.750*	61.250

*Acquired in 1981

Student David Davis with Gerald Kennedy and James Huckeba.

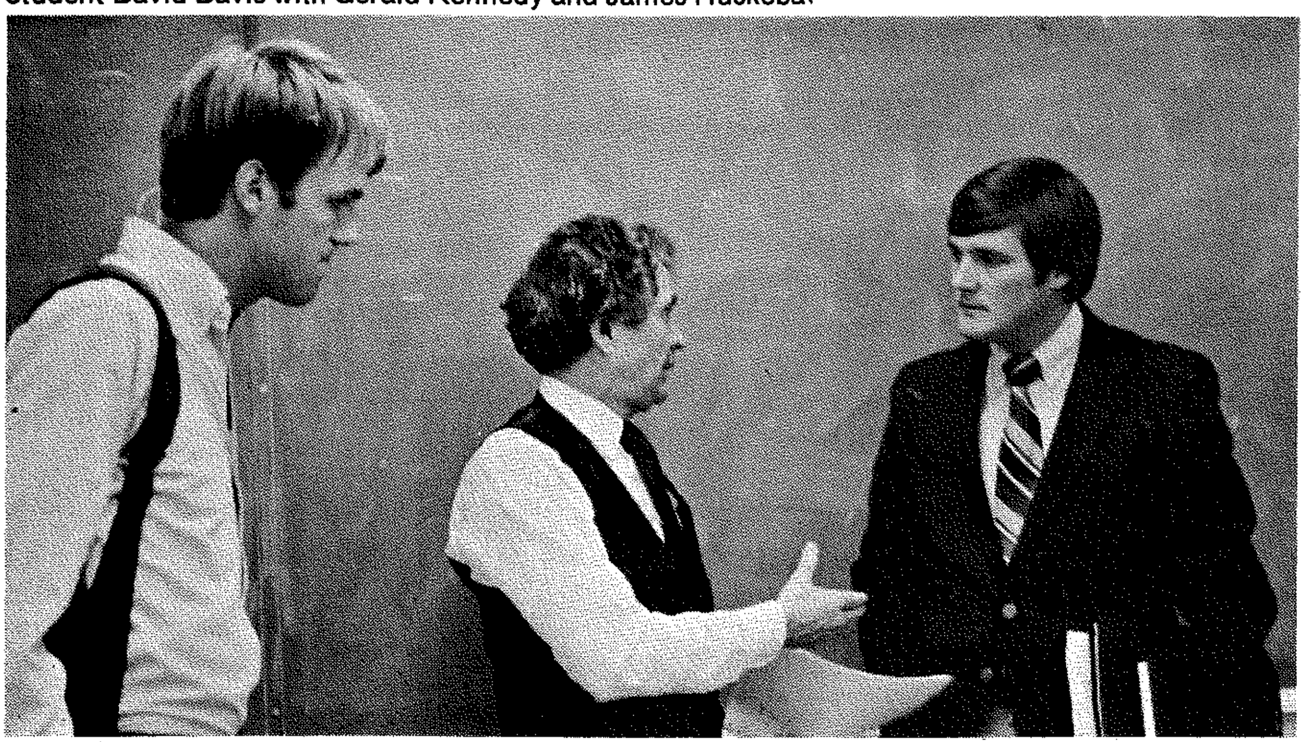


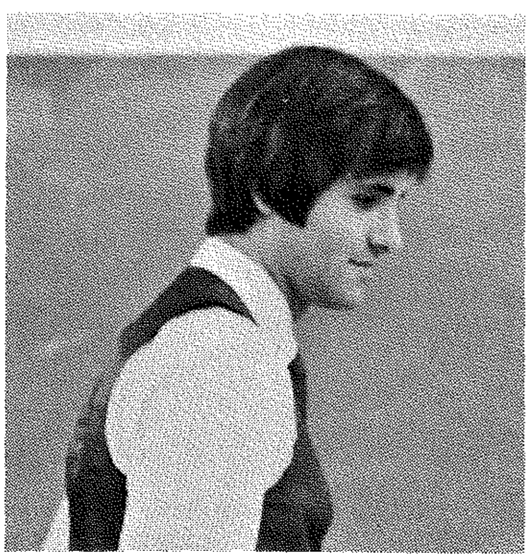
Table E shows a summary of the Class of 1983 growth [fund] portfolio at cost.

Table E Schedule of Investments (5-31-83)

SHARES	ISSUE	Acquisition Cost Per Share	Acquisition Cost Value	5/31/83 Price	Market Value	Annual Income
	CASH EQUIVALENTS		$ 1,830		$ 1,830	
	Banks - 5%					
400	Fleet Financial Group*	48.750	19,500	48.750	19,500	880
	Cosmetic Toiletries - 4%					
400	Conair	39.875	15,950	38.750	15,500	88
	Computers Mini/Micro - 11%					
200	Commodore International	87.250	17,450	91.875	18,375	--
100	Digital Equipment*	111.125	11,123	111.125	11,113	--
200	Hewlett Packard Co.*	82.875	16,575	82.875	16,575	60
	Drugs & Medical - 6%					
300	Pfizer*	76.875	23,063	76.875	23,063	696
	Engineering R&D - 5%					
900	Cerberonics, Inc.	23.250	20,925	23.750	21,375	90
	Finance - 12%					
400**	First Boston, Inc.	63.750	25,500	61.625	24,650	840
525	Narragansett Capital*	45.000	23,625	45.000	23,625	--
	Food & Dairy Products - 4%					
200**	Smucker (J.M.) Co.	89.500	17,900	43.000	17,200	320
	Heavy Construction - 4%					
1000	Dynalectron Corp.	9.250	9,250	15.125	15,125	250
	Machinery Electric - 5%					
200	General Electric*	103.375	20,675	103.375	20,675	760
	Protection & Safety - 8%					
600	Sensormatic	52.000	31,200	52.000	31,200	--
	Retail - 13%					
1000	Greenman Brothers, Inc.	19.250	19,250	14.250	14,250	--
1000**	Munford, Inc.	12.875	10,300	22.750	22,750	500
300	Tandy Corp.*	61.000	18,300	61.000	18,300	--
	Textile & Apparel - 17%					
500	Tultex	44.000	22,000	46.875	23,438	360
300	V.F. Corp.	69.750	20,925	70.875	21,263	480
990**	Amfesco	26.000	25,740	23.125	22,894	--
	Total Common Stocks		$ 369,251		$380,871	$ 5,324
	Mutual Funds - 6%					
1,530	20th Century Investments	16.000	24,487	16.000	24,487	--
	NET TOTAL ASSETS		$ 395,568		$ 407,188	$ 5,324

*Assets in 1982 portfolio which were retained by Class of 1983. For evaluation of 1983 portfolio performance, these assets were considered acquired at market values existing on April 30, 1983.
**Stock Split or dividend.

Tom Basso



Bond and income selections were based on the presumption that interest rates would fall somewhat during the next year, thus providing an opportunity for capital gains. Longer-term, AAA-quality medium coupon bonds with room for bond appreciation of at least 20% before encountering the "Call cushion" price ceiling were selected. All high-income stock selections were those with recent acceleration in both earnings and in their rate of dividend increases. After major portfolio revisions, there remained some funds in commercial paper. The class decided to invest the remaining funds via the following procedure:

As part of the course final, each student was asked to select, in rank order, two growth and two income stocks or bonds from a list of 20 provided which met most of the selection criteria utilized by the students to make new portfolio purchases. From the student lists, composite selections were determined for two additional growth and two additional income/growth purchases for each portfolio.

Table F lists the additions and holdover eliminations approved by the investments committee.

Table F Class of 1983 Income Fund

SOLD

				Original Cost/Sales Price	
25	AT&T	7%	02/15/01	58.000*	67.875
600	Bell Telephone Canada			15.875	22.500
600	Central Vermont Public Utilities			17.125	22.375
300	Columbia Gas			32.375	30.250
200	Consolidated Natural Gas			23.750	27.250
500	Orange Rockland Utilities			16.375	19.625
500	Rochester Gas & Electric			14.250	17.625

*Acquired in 1981

HELD

				Original Cost
25	Treasury Notes	13-3/4%	05/15/84	99.810*
40	Treasury Bonds	6-3/4%	02/15/93	67.000
30	Treasury Bonds	8-3/4%	08/15/94	73.750
25	Treasury Bonds	10-1/8%	11/15/94	80.125*
20	AT&T	10-3/8%	06/01/90	84.750*
20	Bank of America	8-7/8%	02/15/05	64.625
15	Bell Telephone of Pa.	11-7/8%	04/15/20	82.000
20	General Electric	8-1/8%	05/01/04	67.000
20	IBM	9-3/8%	10/01/04	74.750*

ACQUIRED

21	Aetna Insurance	8-1/8%	04/15/07	80.000
5	Bank of America	8-7/8%	02/15/05	78.875
25	Dow Chemical	8-5/8%	02/15/08	79.750
10	General Electric	8-1/2%	05/01/04	81.000
10	GMAC	14-3/4%	07/15/92	101.750
25	Sears	7-7/8%	02/01/07	77.500
800	Allied Capital			26.750

Table G

Table G shows a summary of the Class of 1983 income portfolio at cost and at May 31, 1983.

Class of 1983 Schedule of Assets

Par Value Or Shares	Description	Acquisition Costs Price	Acquisition Costs Value	5-31-83 Price	Market Value	Annual Income	Current Est. Yield
MISCELLANEOUS CASH EQUIVALENTS							
3,276.20	DSB&T MNY MKT #6017665		$ 3,276.20		$ 3,276.20	268	8.2
	Subtotal		$ 3,276.20		$ 3,276.20	268	8.2
TREASURY BONDS							
40,000	United States Treasury Bonds 6.750% 02/15/93	77.190	30,875.00	76.625	30,650.00	2,700	8.8
30,000	United States Treasury Bonds 8.75% 08/15/94	88.160	26,447.00	86.750	26,025.00	2,625	10.1
25,000	United States Treasury Bonds 10.125% 11/15/94	97.090	24,274.00	95.750	23,937.50	2,531	10.6
25,000	United States Treasury Notes 13.750% 05/15/84	104.000	26,000.00	103.438	25,859.50	3,313	12.8
	Subtotal		$107,596.00		$106,472.00	11,169	10.5
CORPORATE BONDS							
21,000	Aetna Insurance Companies 8.125% Due 2007	80.810	16,970.00	76.250	16,012.50	1,706	10.7
20,000	American Tel & Tel Co. Note 10.375% 06/01/90	98.750	19,700.00	97.375	19,475.00	2,075	10.7
25,000	Bank of America	78.600	19,650.00	80.510	20,127.50	2,219	11.0
15,000	Bel Tel Co. Pa. CEB 11.875% 04/15/20	99.130	14,869.00	98.375	14,775.00	1,781	12.1
25,000	Dow Chemical Co. 8.625% Due 2008	79.750	19,937.50	73.250	18,312.50	2,156	11.8
30,000	General Electric Corp. 8.50 % Due 05/01/04	81.100	24,430.00	80.625	24,187.50	2,550	10.5
10,000	General Motors Acceptance Corp. 14.75% Due 07/15/92	101.750	10,262.50	101.125	10,112.50	1,475	14.6
20,000	International Business Machines CEB 9.375% 10/01/04	87.500	17,500.00	87.000	17,400.00	1,875	10.8
25,000	Sears, Roebuck & Co. DEB 7.875 % 02/01/07	77.500	19,575.00	71.320	17,830.00	1,969	11.0
	Subtotal		$ 162,894.00		$158,232.50	17,806	11.3
NOTES - MORTGAGES							
33,674.35	Jacobs Mortgage .12%		33,674.00		33,674.00	4,041	12.0
52,105.49	Rhodes Mortgage .08%		52,106.00		52,106.00	4,168	8.0
	Subtotal		$ 85,780.00		$ 85,780.00	8,209	9.6
COMMON STOCK							
800.00	Allied Capital Corp.	26.750	21,641.00	22.500	20,400.00	1,440	7.1
	Subtotal		$ 21,641.00		$ 20,400.00	1,440	7.1
	NET TOTAL ASSETS		$ 381,187.20		$ 374,160.70	38,892	10.4

Portfolio Monitoring Program

For the first time in the Roland George program, a monitoring program was implemented to set decision points for portfolio management actions during the nine months that Finance 421 is not in session. The program was approved by the trustees in the following form.

Growth Fund

The class accepted an economic forecast of a continuing bull market for the ensuing twelve months. While they recognized the volatility of the stock market, they did not anticipate a decline in the indices greater than 10%. Should such a decline occur, a re-examination of growth portfolio selections would be warranted. Since they were chosen to outperform the market, the failure of stocks in the portfolio to withstand this downward pressure would be probable cause for replacement while the class continually managed the fund. In order to provide for some degree of active management of the portfolio during the nine months when class would not meet, the following monitoring system was instituted:

- Stop-loss orders were placed on each stock listed on the New York Stock Exchange* at a price set below the purchase price by a factor equal to 10% of the stock's purchase price times the stock's beta.
- Standing instructions were given to the broker that once a stock has appreciated 10% from its purchase price, a new stop-loss order will replace the previous order. The new order establishes a selling price below the new appreciated level by a factor of 8% of that new price times the original beta.

*It should be noted that stop-loss orders cannot be placed on over-the-counter stocks.

If this mechanism does generate sales, the proceeds will be invested in mutual funds according to the following:

- Proceeds from the first and second stocks sold will be invested in the Twentieth Century Growth Fund. These transactions would likely be symptomatic of isolated stocks which failed to perform to expectations, and the class would want to continue to participate in the bull market via this aggressive growth fund.
- Proceeds from the third and fourth stocks sold would be invested in the Twentieth Century Select Fund. These transactions would conceivably occur because of more selections underperforming the market isolation. However, if four stocks have fallen before their sell triggers, there could be enough of a change that the cause lies in a systematic weakening of the market and warrants investment of proceeds in the less aggressive Select Fund.
- If more than four stocks are sold, this would indicate market weakening. Therefore, proceeds of all sales following the fourth sale will be invested in the very defensive Lindner Fund. Lindner is a no-load fund like the Twentieth Century funds, and it has an unbroken record of producing gains even in down markets.

Income Fund

If at any time a corporate or government bond receives a full-letter downgrade by Standard & Poor's or Moody's rating services, the bond will be immediately purged from the portfolio.

There are two situations in which all bonds are to be sold:

- Any time the prime interest rate rises two percentage points above its May 5, 1983, level (10-1/2%, Wall Street Journal).
- If there are three consecutive increases in the prime interest rate (used by New York banks) with no change occurring more than thirty days apart.

All proceeds are to be placed in Federal Master Trust or an equivalent liquid asset fund to be chosen at the discretion of the bank custodian.

Program Assessment

The program has been in existence for nearly three years. Investment Portfolio Management, Finance 421, has been offered for three consecutive spring semesters. Eighty students have satisfactorily completed the course. Feedback from current and former students has been very positive. Most of the visiting speakers have commented on how fortunate the students are to be able to participate in a practical program of such quality. Members of the Business

School Advisory Board and Stetson University faculty members appear intrigued by the novelty and apparent success of the program to date.

Questions asked most often have to do with portfolio growth rather than student learning experiences. Curiosity as to how the program is faring in terms of the market is understandable, but the main objective remains that of practical learning experience for those students primarily interested in a career in the field of investments. This is in keeping with the intent of the program benefactor, Mrs. George. Visiting professors and guest speakers are concerned with the portfolio performance in comparison with other professionally managed portfolios. They evidence a feeling of professional responsibility for portfolio performance. We must repeatedly emphasize that visiting professors are to be measured against standards for classroom performance and of student learning—not against standards of comparable portfolio performance. There are no comparable standards. By necessity, present strategy is to "buy and hold" from one class year to the next. Market timing and portfolio turnover do not lend to dollar optimality. The visiting professor has no control of year round management and should not feel accountable.

Those of us responsible for program administration are confident that the practical learning environment and experience intended by our benefactor, Mrs. George, are being carried out. Students enrolled in Finance 421 accept their responsibility as participants in program management seriously. They do get involved with setting portfolio objectives and the screening and selection of assets that conform to portfolio objectives.

The four class-elected investment committee members and the four-to-six team captains spend much time outside the classroom presenting and reviewing portfolio changes recommended by the class. Prior to class recommendation, individual students must screen and make recommendations to their team. Team captains recommend and brief team selections to the class and ultimately to the investment committee. Rather strong emotions surface when individual and team recommendations are turned down by the team, class, or committee. Because of the considerable amount of time expended by team captains and committee members outside the classroom, action has been initiated to award four hours of credit, instead of the customary three, to class officers and committee members.

Also, action has been initiated to appoint a faculty member as Program Director. Directorship has been under the Department Chairman for the first three years of the program; however, administrative workload and natural growth of the program indicate managerial relief is in order. Current plans are that Dr. G. Michael Boyd be appointed Program Director effective September 1983. Teaching course load of the Program Director will be lessened by three hours to partially offset the additional workload.

Regarding the "future" objectives set forth in the 1981-82 Annual Report, relatively favorable progress was made during the year 1982-83. The quality of the program continued to improve. Visiting Professors spent more time in residence. Mr. Max Zavanelli, co-Visiting Professor with Mr. Gerald Kennedy, authored two research papers. Students under his direct supervision compiled data for the studies.

An Apple IIe computer and printer were acquired with program funds. Mr. Zavanelli donated a rather sophisticated software package to the program. The software program allows screening of listed stocks against a large number of criteria.

Guidelines were developed in order to protect against undue capital loss during the eight months of the year that spring semester classes are not in session. Efforts to protect capital gains and to avoid undue losses were initiated via placement of a series of stop-loss orders for those stockholdings listed on the New York Stock Exchange. Also, guidelines assure that a series of increases in interest rates will trigger sale of bonds before large capital losses are incurred. Class lectures and committee decision-making placed greater emphasis on portfolio diversification. Acceptable portfolio risk levels were determined and agreed upon by the class.

Objectives that were less than fully achieved pertain to lack of off-campus community involvement: streamlining of review and approval channels for portfolio changes; preparation of this annual report in mutual fund format; and securing other than temporary office space for the resident Visiting Professor(s). Most of last year's objectives were of an on-going nature and carry forward year to year. Three new objectives are added to the prior list of objectives. In order that the program continue to grow and improve, the following objectives are proposed for the 1983-84 Program Director and for the Distinguished Visiting Professor(s).

1983-84 Program Objectives

Continue to improve the quality and scope of the course and program.

Promote community seminars and/or clinics and workshops.

Encourage the Visiting Professor(s) to conduct research, assist in publicity, and promote and engage in community activities.

Expand student use of the computer in Finance 421.

Reduce decision-making and implementation times for acquisition and/or sale of portfolio assets.

Plan for permanent office space for the program office and Visiting Professor(s).

Explore the feasibility of student participation in the program during other than the spring semester.

Develop and maintain a recruiting file of investment practitioners qualified to serve as Distinguished Visiting Professor for Finance 421.

Integrate Finance 420 into the George Investment Program so that students continuing on to Finance 421 have the prerequisite background to assume portfolio management responsibilities at an earlier stage of the course.