



The Roland George Investments Program was established at Stetson University through a gift made in 1980 by Mrs. Sarah George. This innovative program was designed to:

- Honor Mr. Roland George;
- Add an advanced course in investments to the School of Business Administration;
- Carry out Mr. George's belief that students learn best by experience in actually making investment decisions;
- Train students for successful careers in investments;
- 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 course;
 - Administer the overall program.

We are grateful to Mrs. Sarah George for her thoughtful gift that made it all possible.

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HISTORY OF THE PROGRAM



B. Carter Randall, first Roland George Distinguished Visiting Professor, addresses students.

The first three years of the program were highly successful. The inaugural class of 1980-1981 was taught by B. Carter Randall, a panelist on PBS television's "Wall Street Week" and currently vice chairman of Sun Banks in Orlando, Florida. In March 1981, the first investments were made by the program. Both income and growth portfolios produced positive total returns during a year of negative market performance. The market value of both portfolios grew from \$481,499 in August 1980 to \$624,465 on March 31, 1982, including an additional gift of \$86,792 in February 1982.

Gerald T. Kennedy, president of Kennedy Capital Management, Inc., was chosen as Distinguished Visiting Professor for the second year's class. His firm has successfully managed investments for individuals and corporate pension accounts, and he is also the general manager of John Templeton's religious charity, the "Kindness, N.V." fund.

Mr. Kennedy secured the services of a number of successful investment practitioners, prominent in their fields, to lecture in the various specialties (see Appendix B). Use of a guest-lecturer format gave students a broad base of knowledge from many professionals. This approach has been used in the program since 1982. Investment returns for 1982 were excellent in a good market environment, with the income fund up 27.8% and the growth fund up 44.4%. Total assets of the program rose to \$781,349 by May 31, 1983.

The third year, Mr. Max Zavanelli, president of Zavanelli Portfolio Research, spent five weeks in residence, supervising student research and providing instruction in the use of microcomputers in investing.

Mr. Zavanelli lectured on the various philosophies of investment, including fundamental and technical analysis and modern portfolio theory. He demonstrated how a small personal computer such as the Apple II could aid investors by accessing stock quotations, providing recent information on companies, evaluating portfolios, and producing reports.

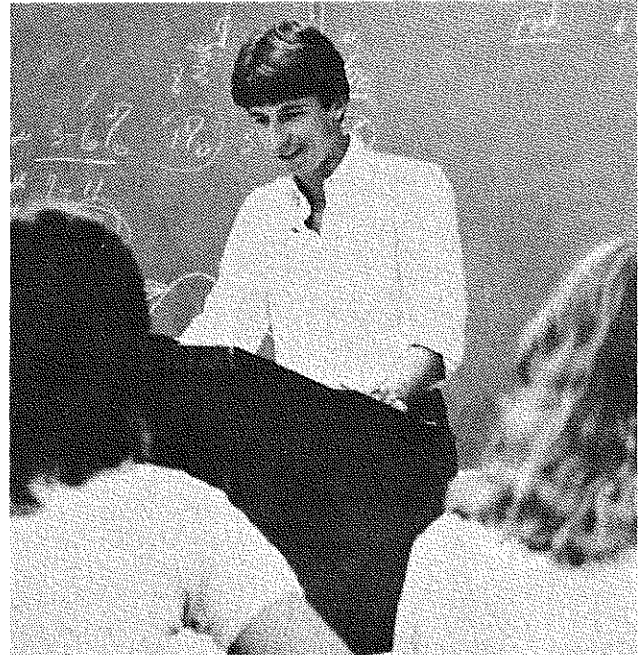
Mr. Kennedy gave a series of introductory lectures, coordinated the efforts of nine guest lecturers, prepared exams, counseled students, and collated the information for final reports. Stock-screening techniques, statistical mathematical modeling, and measuring statistically significant excess returns were among the topics covered.

The third full year of operations— a lackluster time for markets in general— was the first year in which the George portfolios lost ground, retreating some 11.3% from their year-earlier values, before program expenses. During this same period, the S & P 500 was off 7.5%.

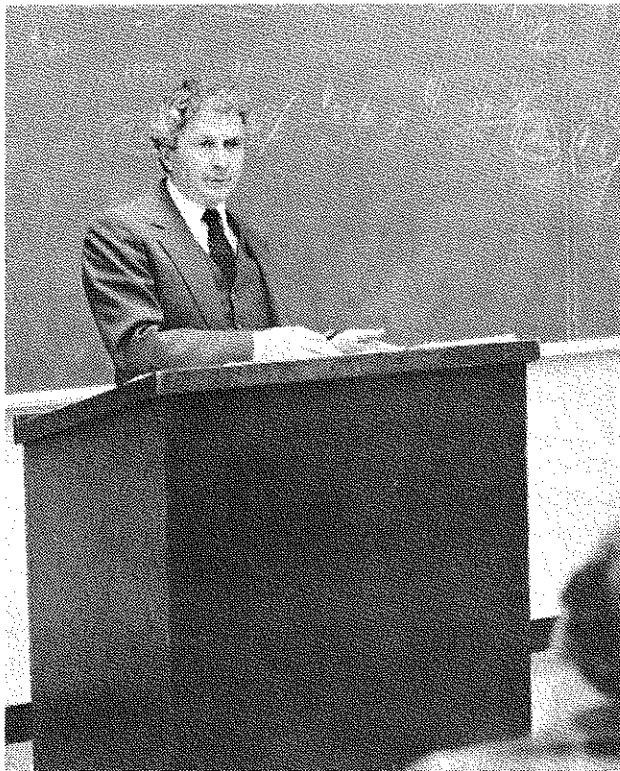
THE 1984 ROLAND GEORGE INVESTMENTS PROGRAM

COURSE STRATEGY

Course strategy for 1984 was designed to spread the investment decision-making process as evenly as possible throughout the semester. A total of twelve practitioners taught the students something about investment management from their own particular perspectives. The schedule of speakers was meshed with the actual investment process so that the students could immediately put their new insights to work.



John C. Alexander, one of four Roland George Merit Scholars.



Gerald T. Kennedy, 1983-84 Distinguished Visiting Professor.

The major steps in the investment process, as reflected in the course outline, were:

1. Establish the overall investment climate;
2. Determine potential sales from the income portfolio;
3. Design an income portfolio in light of next year's budgetary needs;
4. Determine sales candidates from the growth portfolio;
5. Design a growth portfolio to provide for an increase in the program's assets;
6. Design risk-reduction measures to monitor the portfolio when the class is not in session.



Clockwise from left: Merit Scholar Kurt Tesh and Kitty Davidson listen as Michael Landry talks about international investment opportunities; Tom Basso explains a fine point to Merit Scholar David West; Patricia Row advises Leslie Clutts, Michael Schwallie, Tara Corbin, Craig Casca, and Brian Hofer.

OVERALL INVESTMENT ENVIRONMENT

The 1984 Roland George Investments class made a number of predictions about the investment climate for the coming year. The class believed that interest rates over the next year would be stable. This belief was in conjunction with the view of Dr. Nicholas Filippello (see Appendix E) regarding the current course of Federal Reserve policy. The class also

decided that the economy would continue to show strong growth over the next year. This feeling was shared unanimously by our guest lecturers. The final forecast by the 1984 class was that the stock market would move higher during the coming year. There was a consensus that the risk-to-reward ratio for stocks was favorable for the foreseeable future.

GROWTH PORTFOLIO — OBJECTIVE AND CRITERIA

With regard to the growth portfolio, the 1984 class adopted the following objective: To design a portfolio to provide for above average growth of capital with below average risk, in order to increase the program's assets.

In keeping with this objective, the class decided upon a number of stock-selection criteria. Seven of these criteria were mandatory for all investments:

- Industry ranked in top 25% for timeliness (top 24 as reported in Value Line) for most recent period;
- P/E ratio at least 15% below Standard & Poor's market average P/E;
- Standard & Poor's financial strength rating better than C;
- 5-year earnings-per-share compound growth rate of at least 10%, as reported in William F. O'Neil Database;
- Most recent year's EPS growth rate of at least 10% (O'Neil Database);
- Most recent quarter's EPS at least 10% greater than same quarter last year (O'Neil Database);
- Earnings acceleration (quarterly growth rate greater than 1-year rate, which in turn exceeds 5-year rate).

Several criteria were seen as desirable, but not mandatory:

- Some cash dividends;
- Not more than 20 million shares outstanding;
- Proportional ownership by institutions not to exceed:
 - 15% by mutual funds
 - 25% by banks
 - 5% by insurance companies
- Insider buying greater than insider selling;
- Industry in top 35% for relative strength (top 65 as reported in O'Neil Database) for the most recent period;
- Reported earnings at least 1.5 standard deviations above mean estimate as reported in The Icarus Service, to capitalize on earnings surprise.

INCOME PORTFOLIO — OBJECTIVE AND CRITERIA

The objective of the 1984 class with regard to the income portfolio was to provide an income-oriented portfolio that will generate at least \$45,000 in interest and dividends for the administration of next year's program.

With this goal in mind, five bond selection criteria were adopted:

- Current yield of at least 11%;
- Priced at discount to par;
- Moody's rating of at least Baa or S & P rating of at least BBB;
- 60-to-40 ratio of corporate-to-Treasury issues.

- Maturity of less than 16 years;

RISK REDUCTION AND PORTFOLIO MONITORING STRATEGIES

There are two types of risk associated with portfolios. The first form of risk is caused by movements in the general market which affect the entire portfolio. The second type is due to movements in individual investments. The class attempted to minimize both kinds of risk.

- Minimizing Market Risk

The class agreed in principle to hedge the portfolio through the use of Standard & Poor's 100 market index put options. Initially four such options would be bought with striking prices 0-5 points "out of the money," with expiration dates set the following month. One week prior to expiration, the existing contracts would be sold and new ones bought 0-5 points out of the money to expire the next month, and so on.

Should down markets occur during the coming year, the increase in the puts' value would help offset potential losses in the stock portfolio. If the markets rose to new heights, the puts would become worthless, but the losses sustained on them would be small and, therefore, acceptable.

[It must be noted that this strategy was adopted subject to the program director's ability to implement it. Currently, the program's brokerage accounts do not allow for the buying and selling of uncovered options. If and when we become able to transact this type of business, we will do so.]

□ Minimizing Stock Risk

Open stop-loss orders will be placed on all portfolio stocks which are listed on the New York Stock Exchange. The specific price used for the stop-loss order will be below the current price by an amount equal to 30% of the previous year's range. As prices move up, stop-loss points will be moved up to protect profits. In all cases, initial stop-loss points will be a

minimum of two points below the purchase price. The use of this type of protection will minimize risk to the portfolio caused by unforeseen setbacks in individual stocks.

[Note: Stop-loss orders generally are accepted only for NYSE-listed stocks. Thus this kind of strategy does not apply to the portfolio's over-the-counter holdings or to those listed on the American Stock Exchange.]

1984 ROLAND GEORGE MERIT SCHOLARS

This year four students were honored with Roland George Merit Scholarships. Awards of \$1,000 each went to Kurt Tesh of Winter Haven, Florida, and John C. Alexander of Tequesta, Florida. These awards were based on overall academic excellence. In addition, two awards of \$500 each were made for outstan-

ding contribution to the program. The recipients were Thomas Comsudes of Marietta, Georgia, and David West of Ormond Beach, Florida. This brings to twelve the number of students who have received scholarships during the program's short life.



Robert Wohleber discusses pension asset management with program director Dr. Michael Boyd.

APPENDIX A

SUMMARY OF FOUR-YEAR PERFORMANCE^a

<u>DATE</u>	<u>INCOME</u>	<u>GROWTH</u>	<u>TOTAL</u>
8/20/80	_____initial	gift_____	\$481,499
5/31/81	\$233,722	\$297,354	531,076
5/31/82	337,559	264,303	601,862 ^b
5/31/83	374,161	407,186	781,347
5/31/84	344,588	315,376	659,964

^aAll figures are net of program expenses.

^bIncludes subsequent gift of \$86,792 in February 1982.

APPENDIX B

PORTFOLIO ASSETS — 5/31/83

GROWTH FUND

COMMON STOCKS

<u>SHARES</u>	<u>NAME</u>	<u>MARKET VALUE</u>
990	AMFESCO	\$ 22,893.75
900	CERBERONICS	21,375.00
200	COMMODORE INTERNATIONAL	18,375.00
400	CONAIR CORP.	15,500.00
100	DIGITAL EQUIPMENT	11,112.50
1000	DYNALECTRON CORP.	15,125.00
400	FIRST BOSTON, INC.	24,650.00
400	FLEET FINANCIAL GROUP	19,500.00
200	GENERAL ELECTRIC	20,675.00
1000	GREENMAN BROTHERS, INC.	14,250.00
200	HEWLETT PACKARD CO.	16,575.00
1000	MUNFORD, INC.	22,750.00
525	NARRAGANSETT CAPITAL	23,625.00
300	PFIZER, INC.	23,062.50
600	SENSORMATIC	31,200.00
400	SMUCKER (J.M.) CO.	17,200.00
300	TANDY CORP.	18,300.00
500	TULTEX CORP.	23,437.50
300	V.F. CORP.	21,262.50
	TOTAL COMMON STOCKS	\$ 380,868.75

MUTUAL FUNDS

<u>SHARES</u>	<u>NAME</u>	<u>MARKET VALUE</u>
1530	20TH CENTURY GROWTH FUND	\$ 24,487.36
	TOTAL MUTUAL FUNDS	\$ 24,487.36

TOTAL CASH EQUIVALENTS \$ 1,830.23

TOTAL GROWTH ASSETS \$ 407,186.34

INCOME FUND

TREASURY BONDS & NOTES

<u>UNITS</u>	<u>NAME</u>	<u>COUPON</u>	<u>MATURES</u>	<u>MARKET VALUE</u>
40,000	U.S. TREASURY BOND	6 3/4%	02/15/83	\$ 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
TOTAL TREASURY ISSUES				\$ 106,472.00

CORPORATE BONDS

<u>UNITS</u>	<u>NAME</u>	<u>COUPON</u>	<u>MATURES</u>	<u>MARKET VALUE</u>
21,000	AETNA INSURANCE 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%	04/15/08	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
TOTAL CORPORATE BONDS				\$ 158,232.50

NOTES & MORTGAGES

JACOBS MORTGAGE	12%	\$ 33,674.35
RHODES MORTGAGE	8%	52,105.84
TOTAL NOTES AND MORTGAGES		\$ 85,780.19

COMMON STOCKS

<u>SHARES</u>	<u>NAME</u>	<u>MARKET VALUE</u>
800	ALLIED CAPITAL	\$ 20,400.00
TOTAL COMMON STOCKS		\$ 20,400.00

TOTAL CASH EQUIVALENTS **\$ 3,276.20**

TOTAL INCOME ASSETS **\$ 374,160.89**

TOTAL PORTFOLIO ASSETS **\$ 781,347.23**

APPENDIX C

PORTFOLIO ASSETS — 5/31/84

GROWTH FUND

COMMON STOCKS

<u>SHARES</u>	<u>NAME</u>	<u>COST</u>	<u>MARKET</u>
600	COLLINS & AIKMAN	\$ 19,262	\$ 18,675
1200	CONAIR CORP.	16,150	21,900
1000	DYNALECTRON CORP.	9,383	10,875
600	EQUITABLE GAS CO.	20,896	19,725
400	FLEET FINANCIAL GROUP	10,966	17,800
800	FLEMING COMPANIES	20,101	18,800
500	FLORIDA NAT'L. BANKS OF FLA.	19,961	20,000
300	LOWENSTEIN (M)	17,632	16,575
700	MACMILLAN, INC.	20,478	19,250
1200	MISSOURI PUBLIC SERVICE	19,563	18,900
525	NARRAGANSETT CAPITAL	11,374	22,969
1100	STANDARD MOTOR PRODUCTS	20,843	18,837
600	SUBURBAN BANCORP	21,453	18,975
1000	TULTEX CORP.	22,226	12,125
500	UNION TRUST BANCORP	18,701	17,250
	TOTAL COMMON STOCKS	\$ 268,989	\$ 272,656

CASH EQUIVALENTS

DSB&T MONEY MARKET FUND	\$ 6,341	\$ 6,341
DUE FROM BROKERS ^a	33,088	33,088
OTHER ^b	3,291	3,291
TOTAL CASH EQUIVALENTS	\$ 42,720	\$ 42,720

TOTAL GROWTH ASSETS

\$ 311,709	\$ 315,376
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^aThis line represents proceeds pending from the stop-loss sale of two stocks which had only recently been purchased by the 1984 class. They were:

800 Helene Curtis
900 Kentucky Utilities

A loss of \$6,702 was incurred on these transactions.

^bUnexpended budget funds to be returned to the portfolio, with a similar amount destined for the income portfolio.

INCOME FUND

TREASURY BONDS & NOTES

UNITS	DESCRIPTION	COST	MARKET	ESTIMATED YIELD (%)
30,000	U.S. TSY. 8 3/4% due 8/15/94	\$ 22,457	\$ 21,759	12.1
25,000	U.S. TSY. 10 1/8% due 11/15/95	20,660	19,961	12.7
30,000	U.S. TSY. 9 5/8% due 3/31/85	29,894	29,400	9.8
20,000	U.S. TSY. 11 3/4% due 11/15/93	19,500	17,775	13.2
25,000	U.S. TSY. 11 3/8% due 2/15/89	24,619	23,024	12.4
TOTAL TREASURY ISSUES		\$ 117,130	\$ 111,919	11.8

CORPORATE BONDS

UNITS	DESCRIPTION	COST	MARKET	ESTIMATED YIELD (%)
20,000	AMERICAN TEL. & TEL. 10 3/8% due 06/01/90	\$ 17,100	\$ 17,225	12.0
25,000	BANK OF AMERICA 8 7/8% due 02/12/05	17,081	15,188	14.6
15,000	BELL TEL. OF CANADA 11 7/8% due 04/15/20	12,425	12,150	14.7
25,000	DOW CHEMICAL CO. 8 5/8% due 02/15/08	19,938	15,594	13.8
30,000	GENERAL ELECTRIC 8 1/2% due 05/01/04	21,750	19,500	13.1
10,000	GEN. MOTORS ACCEPT. CORP. 14 3/4% due 07/15/92	10,263	9,987	14.8
20,000	INTL. BUS. MACHINES 9 3/8% due 10/01/04	15,250	14,750	12.7
20,000	NORTON SIMON INC. 7.70% due 12/01/96	13,638	12,534	12.3
25,000	STANDARD OIL OF OHIO 8 1/2% due 01/01/00	17,794	15,938	13.3
TOTAL CORPORATE BONDS		\$ 145,238	\$ 132,865	13.4

NOTES & MORTGAGES

JACOBS MORTGAGE 12%	\$ 33,549	\$ 33,549	12.0
RHODES MORTGAGE 8%	51,497	51,497	8.0
TOTAL NOTES & MORTGAGES	\$ 85,046	\$ 85,046	

CASH EQUIVALENTS

DSB&T MONEY MARKET FUND	\$ 11,468	\$ 11,468	8.7
OTHER	3,290	3,290	-
TOTAL CASH EQUIVALENTS	\$ 14,758	\$ 14,758	

TOTAL INCOME ASSETS	\$ 362,172	\$ 344,588	
TOTAL PORTFOLIO ASSETS	\$ 673,881	\$ 659,964	

APPENDIX D

STATEMENT OF OPERATIONS

6/1/83 - 5/31/84

INVESTMENT INCOME

INCOME:

DIVIDENDS		\$ 13,244
INTEREST		<u>40,916</u>
		54,160

EXPENSES:

CUSTODIAL FEES	\$ 600	
ADMINISTRATIVE EXPENSES	<u>33,419</u>	<u>34,019</u>

NET INVESTMENT INCOME \$ 20,141

REALIZED GAIN [LOSS] ON INVESTMENTS:

PROCEEDS FROM SECURITIES SOLD	561,852	
COST OF SECURITIES SOLD	<u>569,715</u>	
NET REALIZED LOSS ON INVESTMENTS		[7,863]

NET UNREALIZED APPRECIATION OF INVESTMENTS:

MARKET VALUE OF HOLDINGS	659,964	
COST OF HOLDINGS	<u>673,881</u>	
INCREASE [DECREASE] IN NET UNREALIZED APPRECIATION		<u>[13,917]</u>

**NET REALIZED LOSS AND DECREASE IN NET
UNREALIZED APPRECIATION** \$ [21,780]

**NET DECREASE IN NET ASSETS RESULTING
FROM OPERATIONS** \$ [1,639]

APPENDIX E

PROGRAM LECTURERS, 1980-1984

BASSO, THOMAS F.	Vice president, Kennedy Capital Management, Inc., 1982-1984.
BLANTON, JOSEPH	Senior vice president, Professional Capital Management, 1982.
FILIPPELLO, A. NICHOLAS	Director, economic analysis, Monsanto Company; Consultant to President Reagan's Council of Economic Advisors; economist, Department of Agriculture, international monetary and trade research, 1982-1984.
HAGIN, ROBERT L.	Vice president and director, quantitative analysis, Kidder, Peabody; formerly at Wharton School of Business; author of Dow Jones-Irwin Guide to Modern Portfolio Theory, 1984.
HANLEY, BRUCE	Vice president, financial services, O'Neil Company; consultant to major U.S. and European managers; previously managed \$200 million in trust accounts at Seattle First National Bank; 1983, 1984.
HANSBERGER, THOMAS L.	President, Templeton Investment Council, Inc.; former portfolio manager for Stein Roe, Farnham, 1982.
HUCKEBA, JAMES	President, Huckeba/Hall Development, 1983.
KENNEDY, GERALD T.	President, Kennedy Capital Management, Inc.; distinguished visiting professor of investments, Stetson University, 1980-1984.
LANDRY, MICHAEL	Vice president, Templeton Investment Counsel, Inc.; management of international equities, evaluation and investment, 1984.
MEAGHER, DAVID	Manager, pension performance monitoring, Monsanto Co., 1982.
MONTFORD, CHARLES H.	Senior vice president and senior investment officer, Barnett Banks & Trust Co., 1983, 1984.
MOTYL, GARY PAUL	Investment analyst, Templeton Investment Counsel, Inc., 1984.
NEWCOMB, FREDRICK W.	Past president of the Mutual Fund Society and president, Aim Financial Services, 1983.
RANDALL, B. CARTER	1981 Roland George distinguished visiting professor of investments; senior vice president, Sun Banks; guest panelist on PBS Television's "Wall Street Week," 1981, 1982 and 1984.
ROW, PATRICIA A.	Manager, database systems, and conversion program manager, Kennedy Capital Management, Inc., 1984.

SINISE, RICHARD H.	Vice president and treasurer, Kennedy Capital Management, Inc., 1982-1984.
SMITH, ELLIOT	President, Bache, Halsey, Stuart Metals Co.; guest on "Wall Street Week," 1982.
STOWERS, JAMES	President, 20th Century Investors, Inc., 1982.
SULLIVAN, CAROL J.	Research manager, Kennedy Capital Management, Inc., 1984.
THOMPSON, JACK	Vice president, Templeton Investment Counsel, Inc., 1982.
TILTON, JOHN R.	Senior vice president, American National Bank and Trust, 1983.
WOHLEBER, ROBERT	Director, pension asset management, Copperweld Company, 1983, 1984.
WOLFARTH, AL	Director, pension, asset management, Monsanto Co., 1982.
ZAVANELLI, MAX	President, Zavanelli Portfolio Research, 1983, 1984.

