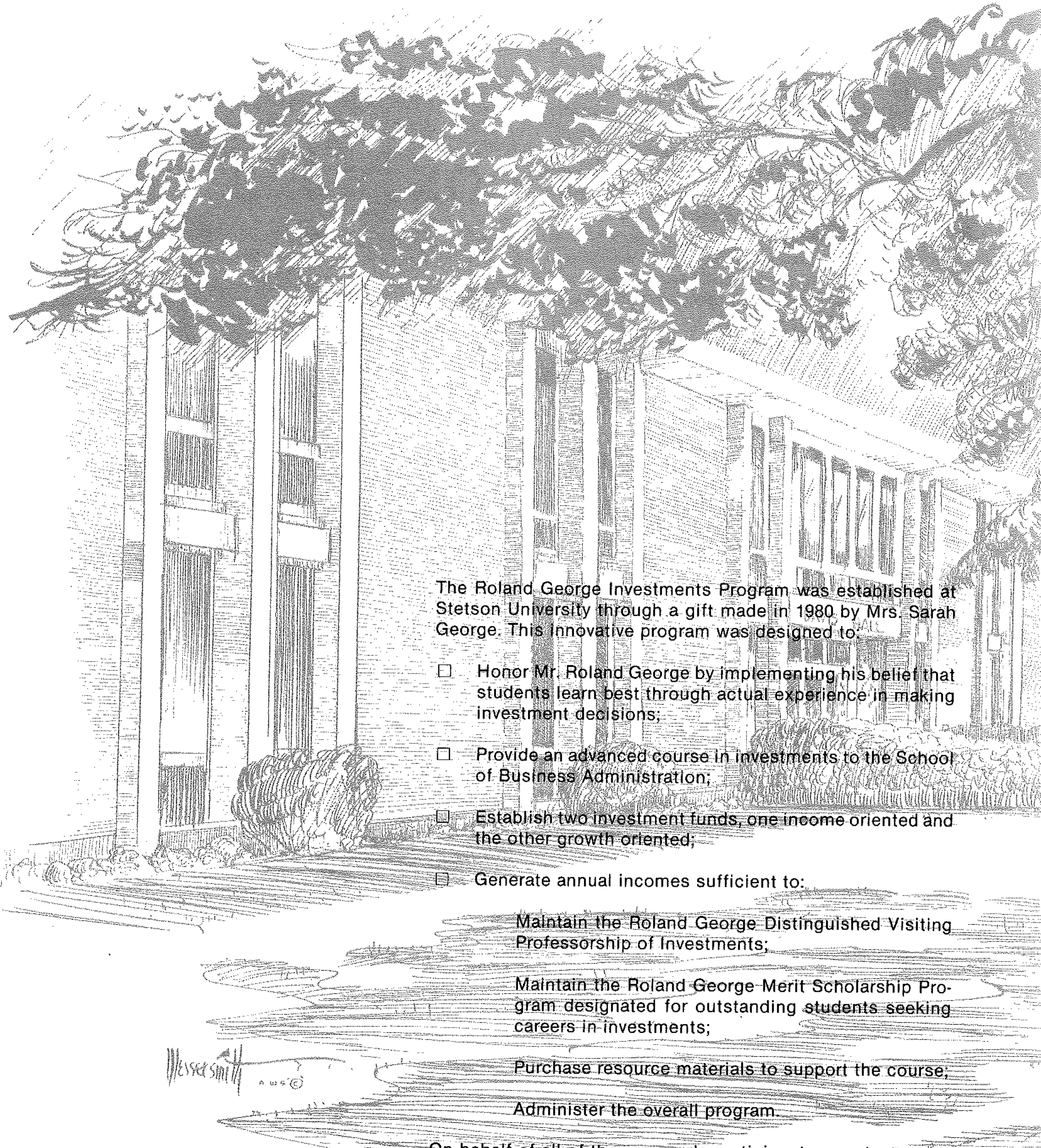
1984-85
ANNUAL REPORT

THE ROLAND GEORGE INVESTMENTS PROGRAM

School of Business Administration
Stetson University
DeLand, Florida



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 by implementing his belief that students learn best through actual experience in making investment decisions;
- Provide an advanced course in investments to the School of Business Administration;
- Establish two investment funds, one income oriented and the other growth oriented;
- Generate annual incomes sufficient to:
  - Maintain the Roland George Distinguished Visiting Professorship of Investments;
  - Maintain the Roland George Merit Scholarship Program designated for outstanding students seeking careers in investments;
  - Purchase resource materials to support the course;
  - Administer the overall program.

On behalf of all of the program's participants—past, present, and future—we would like to express our appreciation to Mrs. George for making this valuable opportunity possible.

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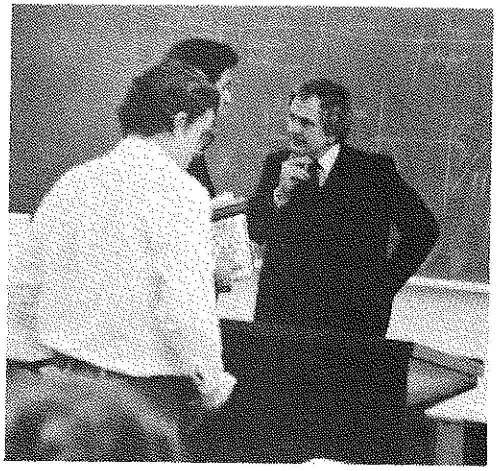
HISTORY OF THE PROGRAM



Gerald T. Kennedy, 1984-85 Distinguished Visiting Professor, confers with Mark Crofoot and Tony Guzzetta.

Today, while many colleges and universities are being forced to cut back on innovative programs, scrambling to make ends meet, Stetson University, through the Roland George Investments Program, is doing more than providing a "blackboard experience." Here, students enrolled in the program's Finance 421 course are becoming real portfolio managers, actively investing more than $800,000.

This innovative approach to investment education was the dream of the late Roland J. George, a successful Wall Street practitioner. Mr. George felt that exposure to experienced investment managers and participation in actual investment decisions were the ideal way to prepare for a career in investments. He often envisioned a "practical" investment course at an academic institution. Upon her husband's death in 1979, his wife, Sarah, offered a gift of securities to Stetson to fund the program which bears his name.

The first three years of the program were highly successful. The inaugural class of 1981 was taught by B. Carter Randall, former vice chairman of Sun Banks of Florida, long a panelist on PBS television's "Wall Street Week," and now president of his own investment advisory firm. From the program's inception in August 1980 to the end of its first full year of operations, May 31, 1982, the market value of the combined portfolios grew from $481,499 to $601,862, 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. Mr. Kennedy secured the services of a number of successful investment practitioners, prominent in their respective fields, to lecture on various specialties. Use of a guest lecturer format provided students with a broad base of knowledge from many investment desciplines. This approach proved so valuable that it continues in use today. Investment returns for the second year were excellent. Total assets of the program rose to $781,347 by May 31, 1983.

In 1983 the program was again taught by Mr. Kennedy. In addition, Mr. Max Zavanelli, president of Zavanelli Portfolio Research, spent five weeks in residence, supervising student research and instructing students in the use of microcomputers in investing. The third year of operations, ending May 31, 1984, was a lackluster time for the stock and bond markets, which had to contend with the double spectre of high interest rates and economic recession. During this period, the George portfolios lost ground, retreating some 11.3% from their year-earlier values, before program expenses. Over the same period, the S & P 500 index was off 7.5%.

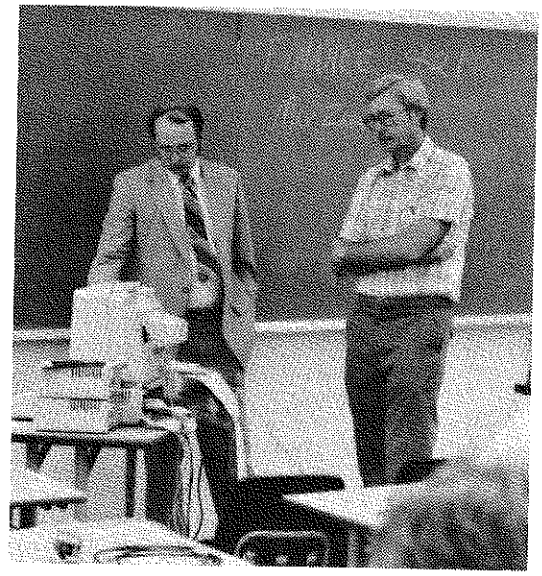
The class of 1984, which positioned the portfolios for the recovery from the previous year's bear market, did an outstanding job in picking investments. By the middle of April, 1985, as the class of '85 prepared its buy and sell recommendations, the growth selections had increased in value by 42.9%, versus a 20.3% rise in the S & P 500. During this time, the stocks divested by the class of '84 declined by an average of 12.9%, proving that the students were able not only to pick winners, but to avoid losers as well. This kind of selectivity places last year's program participants among the top money managers in the United States!

At the same time, it must be noted that a number of last year's selections were sold prematurely, keeping the growth fund from actually registering the kind of performance noted above. Still, the results were impressive. By May 31, 1985, the growth fund—which by then had been restructured by the 1985 class—was up 30.1% from its year-earlier level, while the S & P 500 rose just 23.7%. The income fund had risen 16.7% in value, giving the combined portfolios a laudable 23.1% gain.

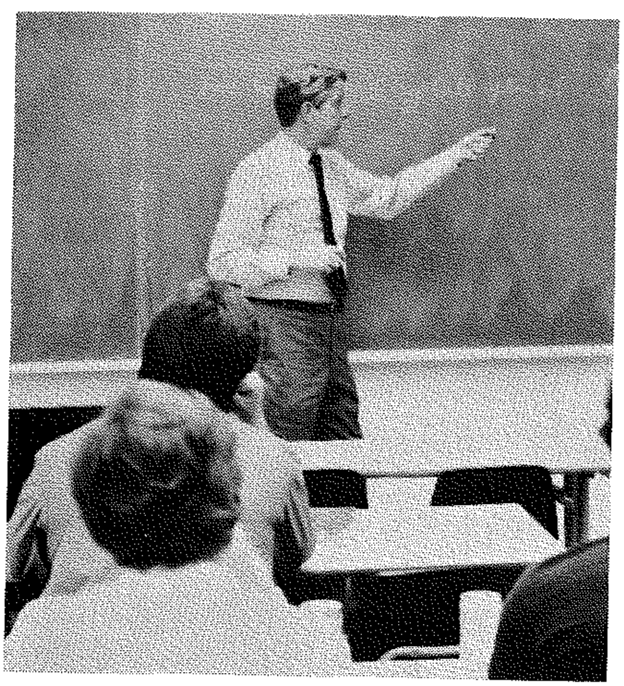
THE 1985 ROLAND GEORGE INVESTMENTS PROGRAM

COURSE STRATEGY

Course strategy for 1985 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.



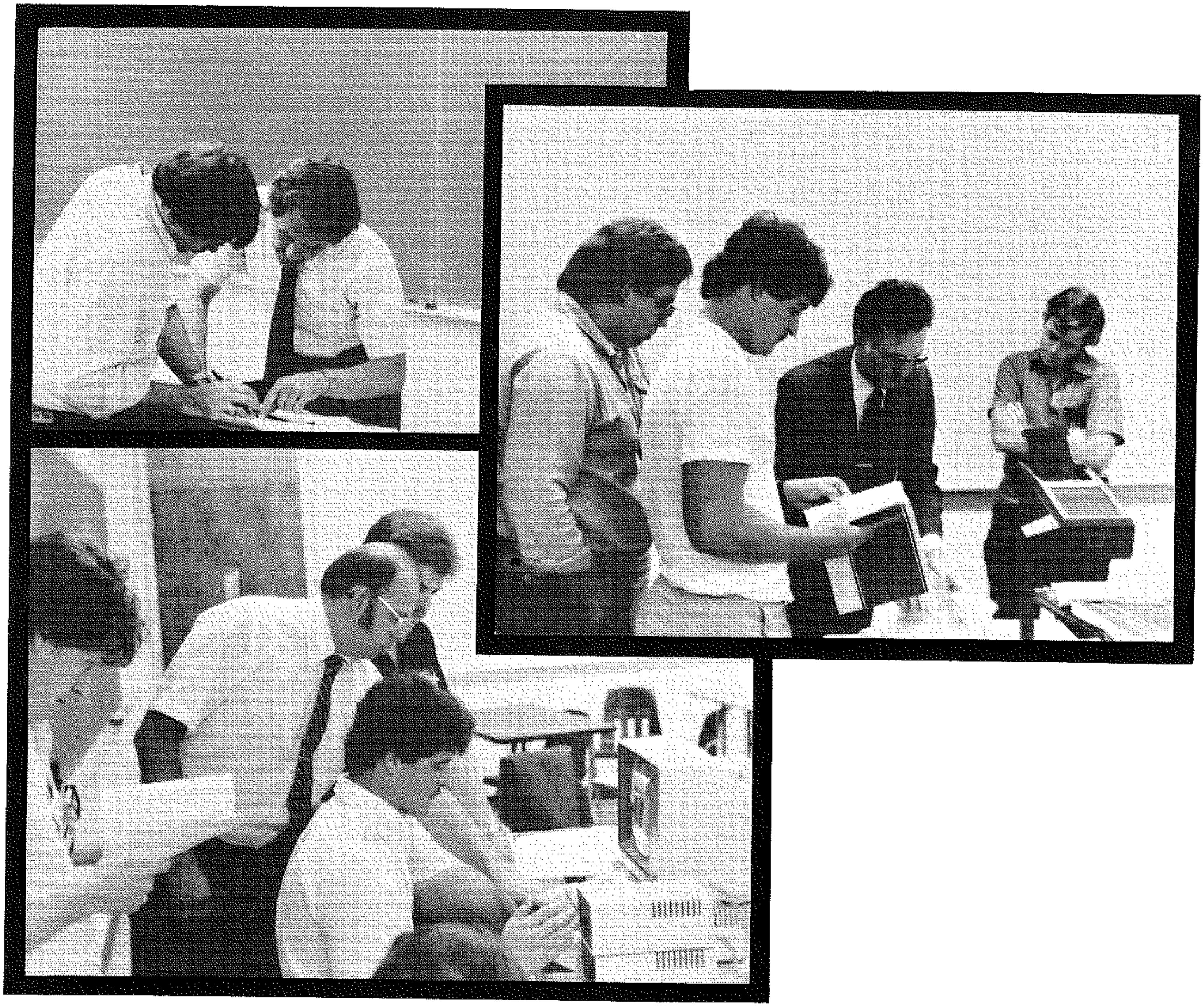
Max Zavanelli discusses microcomputer operations with program director Dr. Michael Boyd.



B. Carter Randall explains the use of covered call options.

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

1. Forecast the investment climate for the coming year;
2. Establish investment criteria for the income portfolio;
3. Based upon these criteria, select an income portfolio to meet next year's budgetary needs;
4. Establish criteria for the growth portfolio;
5. Determine sales candidates from the growth portfolio;
6. Design a growth portfolio to provide for an increase in the program's assets;
7. Develop risk-reduction measures to monitor the portfolios when the class is not in session.



Clockwise from upper left: Gerald Kennedy explains a fine point to merit scholar Craig Putnal; Bruce Hanley shows Lee Morris, Brian Hill, and merit scholar Mark Crofoot how to use the O'Neil Database; Max Zavanelli instructs Brian Hill and Robert Miller in the use of stock-screening software.

OVERALL INVESTMENT ENVIRONMENT

The 1985 Roland Goorge Investments class made a number of predictions about the investment climate for the year ahead, based upon information gleaned from guest speakers and outside sources. The class foresees moderately rising interest rates, with inflation rising at a somewhat lower rate. Real GNP is expected to increase by about 3%. Finally, the class looks for stock prices to experience slowing growth in 1985.

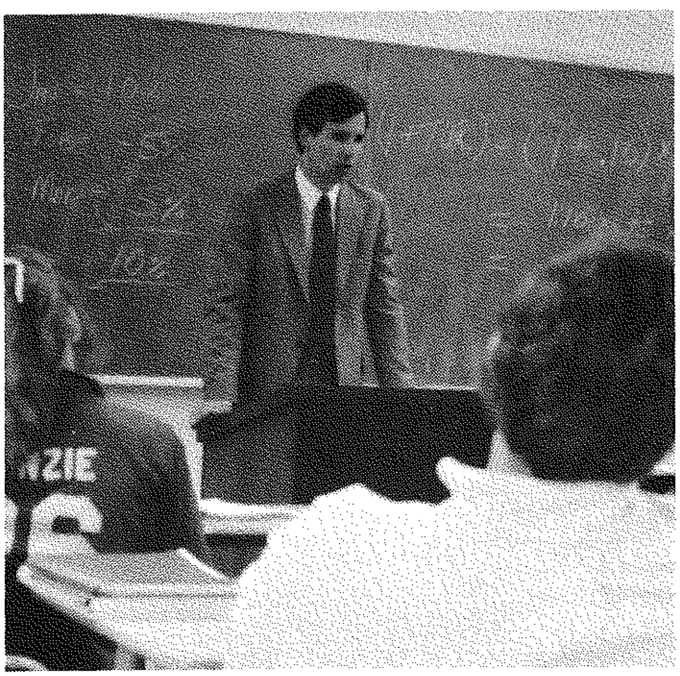
GROWTH PORTFOLIO — OBJECTIVE AND CRITERIA

With regard to the growth portfolio, the 1985 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. Six of the criteria were viewed as primary:

- ☐ P/E ratio less than or equal to 10;
- ☐ Standard & Poor's financial strength rating of B or better;
- ☐ 5-year earnings-per-share compound growth rate greater than 16%;
- ☐ Most recent year's EPS growth rate of at least 25%;
- ☐ Most recent quarter's EPS at least 30% greater than same quarter last year;
- ☐ Dividend payout ratio less than or equal to 50%.

Patricia Row discusses investment strategy with Laura Whitestine, Michaell Reilly, and Jeff Pelzer.



Robert Wohleber tells how to calculate time-weighted rates of return.

Five additional criteria were seen to be of secondary importance:

- ☐ Proportional ownership by institutions not to exceed:

  15% by mutual funds
  25% by banks
  5% by insurance companies

- ☐ Insider buying greater than insider selling over the last 6 months, as measured by number of transactions;
- ☐ Industry relative strength greater than or equal to 65 (top 35% as reported in William F. O'Neil Database);
- ☐ Industry relative strength in an uptrend;
- ☐ Individual relative strength greater than 50.

INCOME PORTFOLIO — OBJECTIVE AND CRITERIA

The objective of the 1985 class with regard to the income portfolio is to provide an income-oriented portfolio that, together with the growth portfolio, will generate at least $50,000 in interest and dividends for the administration of next year's program.

With this goal and the economic outlook in mind, the class determined to leave the income portfolio's bond positions unchanged and to invest its idle funds—about $49,000—in good quality, income-producing stocks. Four stock-selection criteria were adopted for the income fund:

- ☐ Standard & Poor's rating of at least B+;
- ☐ Dividend yield of at least 12%;
- ☐ 5-year earnings-per-share compound growth rate of at least 5%;
- ☐ Most recent year's dividend growth rate of at least 5%.

RISK REDUCTION AND PORTFOLIO MONITORING STRATEGIES

In order to protect profits and to reduce the risk of loss due to adverse movements in security prices before the next class convenes, the class of 1985 adopted the following controls, to be implemented by the program director:

1. Open stop-loss orders are to be placed on each growth portfolio stock at a price set below the purchase price by a discount equal to 20% of the purchase price times the greater of the stock's beta or one. For stocks held over from previous classes, initial stop-loss points will be set with reference to prices as of April 30, 1985, rather than original purchase prices. For stocks bought at multiple prices, the weighted average purchase price will be used.

2. Beginning June 14, 1985, and on the second Friday of each month thereafter, the director will check the closing price of each stock. If the price has dropped below the purchase price or the closing price of the preceding month, or if it is unchanged, no adjustment of the stop-loss point is warranted. If, however, the price has risen, a new stop-loss point will be set below such closing price by a discount as figured in point 1, above. The most recent beta available for the stock will be used in making the adjustment.

3. If a stock is found to have appreciated at least 15% above its original purchase or "hold" price, the stop-loss discount will be narrowed to 15% of the new price times the greater of the stock's beta or one.

4. Once a stock's price has risen at least 25% from its original price, the stop-loss discount will futher be reduced to 12% times the greater of the stock's beta or one.

5. If the stop-loss system generates stock sales, proceeds of the first and second sales will be invested in a no-load mutual fund. The fund of choice will be Mutual Shares Corporation. If it is closed to new investment, proceeds will be invested in Windsor Fund. If Windsor Fund is unavailable, proceeds will go into Sun Bank's money market fund.

6. If three, four, or five stocks are sold, these proceeds are to be invested in Sun Bank's money market fund.

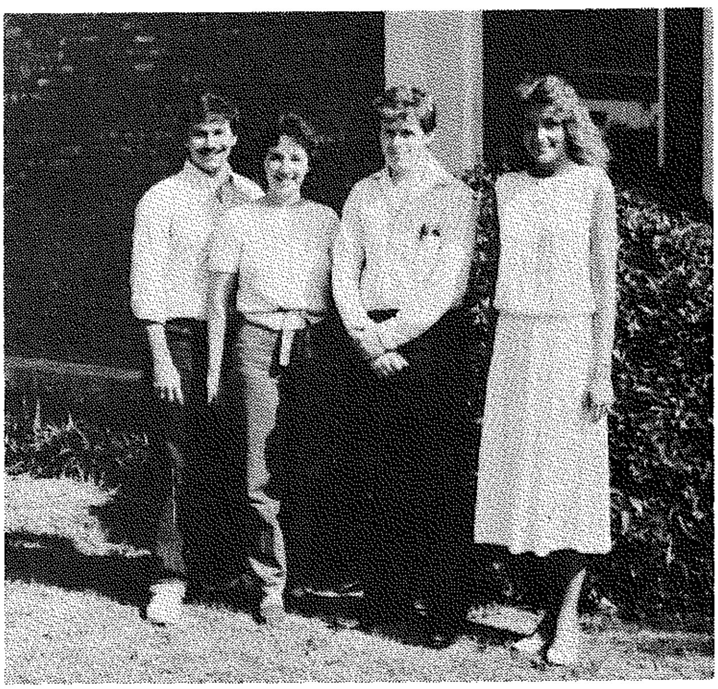
7. If a sixth or any subsequent stock is sold, these proceeds will be invested in United Services Gold Fund. If this fund is closed to new investment, proceeds will go into Sun Bank's money market fund.

8. If any proceeds are invested in United Services Gold Fund, a stop-loss point will be set 20% below the purchase price (net asset value). If this point is reached, the shares will be liquidated and the proceeds put into Sun Bank's money market fund. If, on the other hand, the Gold Fund increases in price, the stop-loss point will be re-established at 20% below such price on the second Friday of each month.

9. No specific controls are placed on the bonds in the income portfolio. Controls on the income portfolio's three utility stocks are essentially the same as those of the growth fund—moving stop-loss points, calculated as described above. If, however, any stocks are sold from the income portfolio, proceeds will go directly into Sun Bank's money market fund.

1985 ROLAND GEORGE MERIT SCHOLARS

Four outstanding students were honored with Roland George Merit Scholarships during the past year. Awards of $1,000 each went to Lanetta Johnson of Titusville, Florida, and Craig Putnal of Mayo, Florida. These awards were based on overall academic excellence. Awards of $500 each for outstanding contribution to the program were made to Debra Bunde of Hauppauge, New York, and Mark Crofoot of Deltona, Florida. Sixteen students now have received scholarships during the program's five-year existence.



Roland George merit scholars (l-r): Craig Putnal, Lanetta Johnson, Mark Crofoot, and Debra Bunde.

APPENDIX A

SUMMARY OF FIVE-YEAR PERFORMANCE[a]

DATE	INCOME	GROWTH	TOTAL
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
5/31/85	402,196	410,290	812,486

[a]All figures are net of program expenses.

[b]Includes subsequent gift of $86,792 in February 1982.

APPENDIX B

PORTFOLIO ASSETS — 5/31/84

GROWTH FUND

COMMON STOCKS

SHARES	NAME	COST	MARKET
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**
TOTAL CASH EQUIVALENTS		**$ 42,720**	**$ 42,720**
TOTAL GROWTH ASSETS		**$ 311,709**	**$ 315,376**

INCOME FUND

TREASURY BONDS & NOTES

UNITS	DESCRIPTION	COST	MARKET	ESTIMATED YIELD (%)
30,000	U.S. TSY. 8 3/4% due 08/15/94	$ 22,457	$ 21,759	12.1
25,000	U.S. TSY. 10 1/8% due 11/15/94	20,660	19,961	12.7
30,000	U.S. TSY. 9 5/8% due 03/31/85	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 02/15/89	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	15,187	14.6
15,000	BELL TEL. OF PENN. 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	10,262	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

	COST	MARKET	ESTIMATED YIELD (%)
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**	
TOTAL CASH EQUIVALENTS	**$ 14,758**	**$ 14,758**	**9.6**
TOTAL INCOME ASSETS	**$ 362,172**	**$ 344,588**	**11.8**
TOTAL PORTFOLIO ASSETS	**$ 673,881**	**$ 659,964**	

APPENDIX C

PORTFOLIO ASSETS — 5/31/85

GROWTH FUND

COMMON STOCKS

SHARES	NAME	COST	MARKET
1400	ALASKA AIRLINES	$ 30,022	$ 31,150
500	AMERICAN STORES	27,410	30,375
1200	COLLINS & AIKMAN	19,262	25,050
900	CONAGRA, INC.	28,183	31,838
1000	DYNALECTRON	9,383	13,875
600	EQUITABLE RESOURCES	20,896	28,050
750	FLORIDA NAT'L BANKS OF FLA.	19,961	28,125
2300	GUARDSMAN CHEMICALS	27,889	26,450
900	LEHIGH PRESS	27,377	24,075
1400	MACMILLAN, INC.	20,478	46,900
800	MAYFLOWER CORP.	29,085	25,600
525	NARRAGANSETT CAPITAL	11,374	21,525
600	NORTHROP CORP.	29,305	27,975
500	UNION TRUST BANCORP.	18,701	31,375
	TOTAL COMMON STOCKS	**$ 319,326**	**$ 392,363**
TOTAL CASH EQUIVALENTS		**$ 17,927**	**$ 17,927**
TOTAL GROWTH ASSETS		**$ 337,253**	**$ 410,290**

INCOME FUND

TREASURY BONDS & NOTES

UNITS	DESCRIPTION	COST	MARKET	ESTIMATED YIELD (%)
30,000	U.S. TSY. 8 3/4% due 08/15/94	$ 22,457	$ 27,312	9.6
25,000	U.S. TSY. 10 1/8% due 11/15/94	20,660	24,985	10.1
20,000	U.S. TSY. 11 3/4% due 11/15/93	19,500	21,576	10.9
25,000	U.S. TSY. 11 3/8% due 02/15/89	24,619	26,298	10.8
	TOTAL TREASURY ISSUES	**$ 87,236**	**$ 100,171**	**10.3**

CORPORATE BONDS

UNITS	DESCRIPTION	COST	MARKET	ESTIMATED YIELD (%)
20,000	AMERICAN TEL. & TEL. 10 3/8% due 06/01/90	$ 17,100	$ 20,250	10.3
25,000	BANK OF AMERICA 8 7/8% due 02/15/05	17,081	20,250	11.0
15,000	BELL TEL. OF PENN. 11 7/8% due 04/15/20	12,425	15,356	11.6
25,000	DOW CHEMICAL CO. 8 5/8% due 02/15/08	19,938	19,219	11.2
30,000	GENERAL ELECTRIC 8 1/2% due 05/01/04	21,750	25,200	10.1
10,000	GEN. MOTORS ACCEPT. CORP. 14 3/4% due 07/15/92	10,263	9,900	14.9
20,000	INTL. BUS. MACHINES 9 3/8% due 10/01/04	15,250	18,125	10.4
20,000	NORTON SIMON INC. 7.70% due 12/01/96	13,638	15,750	9.8
25,000	STANDARD OIL OF OHIO 8 1/2% due 01/01/00	17,794	20,281	10.5
	TOTAL CORPORATE BONDS	**$ 145,239**	**$ 164,331**	**10.8**

COMMON STOCKS

SHARES	NAME	COST	MARKET	ESTIMATED YIELD (%)
600	CENTRAL HUDSON GAS & ELEC.	$ 15,638	$ 16,650	10.2
900	CLEVELAND ELECTRIC	18,895	19,238	11.8
800	GULF STATES UTILITIES	12,071	11,600	11.3
	TOTAL COMMON STOCKS	**$ 46,604**	**$ 47,488**	**11.1**

NOTES & MORTGAGES

	GOODRICH MORTGAGE 12%	$ 33,382	$ 33,382	12.0
	RHODES MORTGAGE 8%	50,838	50,838	8.0
	TOTAL NOTES & MORTGAGES	**$ 84,220**	**$ 84,220**	**9.6**
TOTAL CASH EQUIVALENTS		**$ 5,986**	**$ 5,986**	**7.4**
TOTAL INCOME ASSETS		**$ 369,285**	**$ 402,196**	**10.5**
TOTAL PORTFOLIO ASSETS		**$ 706,538**	**$ 812,486**	

APPENDIX D

STATEMENT OF OPERATIONS

6/1/84 - 5/31/85

INVESTMENT INCOME

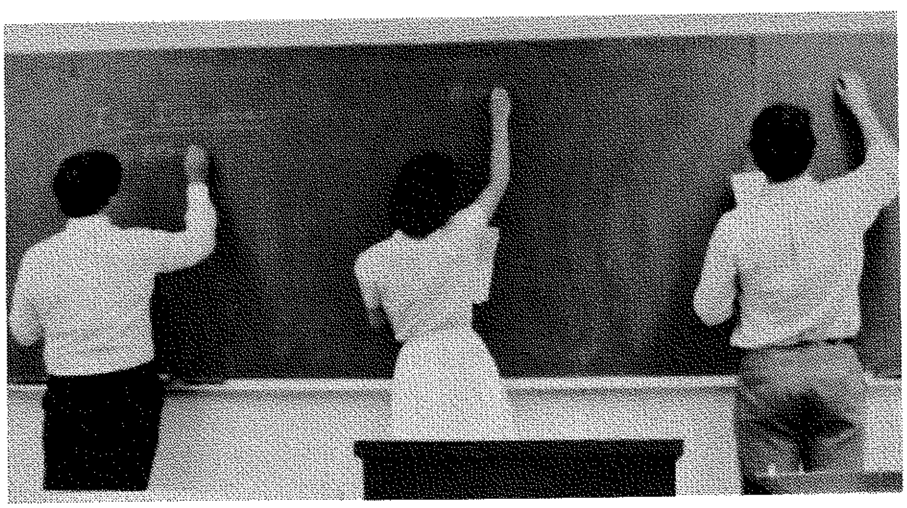
INCOME:		
DIVIDENDS		$ 9,067
INTEREST		49,564
		58,631
EXPENSES:		
CUSTODIAL FEES	$ 800	
ADMINISTRATIVE EXPENSES	34,604	35,404
NET INVESTMENT INCOME		**$ 23,227**
REALIZED GAIN [LOSS] ON INVESTMENTS:		
PROCEEDS FROM SECURITIES SOLD	159,256	
COST OF SECURITIES SOLD	148,174	
NET REALIZED GAIN ON INVESTMENTS		11,082
NET UNREALIZED APPRECIATION OF INVESTMENTS:		
MARKET VALUE OF HOLDINGS	812,486	
COST OF HOLDINGS	706,538	
INCREASE [DECREASE] IN NET UNREALIZED APPRECIATION		105,948
NET REALIZED GAIN AND INCREASE IN NET UNREALIZED APPRECIATION		**$ 117,030**
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS		**$ 140,257**

APPENDIX E

PROGRAM LECTURERS, 1984 - 1985

BASSO, THOMAS F.	President, Trendstat Capital Management, Inc.; former vice president, Kennedy Capital Management, Inc.
FILIPPELLO, A. NICHOLAS	Director, economic analysis, Monsanto Co.; consultant to President Reagan's Council of Economic Advisors; economist, Department of Agriculture.
HAGIN, ROBERT L.	Vice president and director, quantitative analysis, Kidder, Peabody; formerly at the Wharton School of Business; author of Dow Jones-Irwin Guide to Modern Portfolio Theory.
HANLEY, BRUCE	Vice president, financial services, William O'Neil and Co., Inc.; consultant to major U. S. and European managers; former trust officer at Seattle First National Bank.
KENNEDY, GERALD T.	President, Kennedy Capital Management, Inc.; Roland George Distinguished Visiting Professor of Investments, 1982 - 1985.
LANDRY, MICHAEL	Vice president, Templeton Investment Counsel, Inc.; management of international equities, evaluation and investment.
MONTFORD, CHARLES H.	Senior vice president and senior investment officer, Barnett Banks & Trust Co.
MOTYL, GARY PAUL	Investment analyst, Templeton Investment Counsel, Inc.
RANDALL, B. CARTER	Independent investment advisor; Roland George Distinguished Visiting Professor of Investments, 1981; panelist on PBS television's "Wall Street Week;" former senior vice president, Sun Banks, Inc.
ROW, PATRICIA A.	Controller, trading and conversion program manager, Kennedy Capital Management, Inc.
SINISE, RICHARD H.	Vice president, Trendstat Capital Management, Inc.; former vice president and treasurer, Kennedy Capital Management, Inc.
SULLIVAN, CAROL J.	Director, trading, Kennedy Capital Management, Inc.

TOBIN, JAMES T.	Vice president, Kennedy Capital Management, Inc.; former vice president, marketing and client relations, Lionel D. Edie & Co.
WOHLEBER, ROBERT	Director, pension asset management, Copperweld Corp.
ZAVANELLI, MAX	President, Zavanelli Portfolio Research, Inc.



Decision time! Three members of the class of 1985 prepare to present their investment recommendations.

22½	14¼	Guardl	.32	1.5	12	40	21⅜	21⅜	21⅜.....	34¾ 26¼