

1992-93

THE ROLAND GEORGE
INVESTMENTS PROGRAM

ANNUAL
REPORT



STETSON.
UNIVERSITY

ACKNOWLEDGEMENT

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.

PAUL E. DASCHER,
Dean

MAX ZAVANELLI,
Visiting George Professor
Of Applied Investments

JAMES E. MALLETT,
Director

LYNN THOMPSON,
Administrative Specialist

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“STUDENTS MANAGE \$1.4 MILLION FOR SCHOOL ”

by Jack Wheat

Herald Staff Writer

March 15, 1993

There's a real-world feel to Stetson University's business school.

For starters, students go to class in the corpse of a failed savings and loan, a building at the edge of campus that Stetson acquired after Empire Savings Bank went belly up.

And on the fourth floor, seniors in finance manage \$1.4 million of Stetson's endowment — the real green stuff.

Under the tutelage of Professor Max Zavanelli, hired for his successes as a Chicago-based investments manager and analyst, they scour market reports for clues about which of the cheap stocks will be winners, which of their current stocks should be sold now for maximum profits and which are albatrosses to be dumped.

Zavanelli's golden rule: “You can't go broke taking a profit.”

“We're not fooling around,” said Chris Fischer, a senior from Palm Beach Gardens. “If we make a mistake, it's our mistake and we have to live up to it.”

Periodically, the student analysts take their findings to the old S&L corporate boardroom and make their

“...they scour market reports for clues about which of the cheap stocks will be winners, which of their current stocks should be sold now for maximum profits and which are albatrosses to be dumped.”

“...the transactions occur, and Stetson is the richer...”

cases to six fund trustees, four students and two faculty members. Zavanelli advises the class and does not act as a trustee. The faculty trustees are routinely outvoted.

“It's intense,” said Patrick Barnett of Cape Coral. “They are trying to find the holes in what you're saying. There have been times when it gets to the point of yelling.”

The next day, the transactions occur, and Stetson is the richer or poorer.

So far this year, Zavanelli reports, the students are outperforming Standard and Poors index (students: 5.63 percent growth; S&P, 1.76). They surpassed S&P for all of 1992.

Turning a big chunk of endowment over to students was not Stetson's idea. In 1980, Sarah George made Stetson a take-it-or-leave-it offer. Take \$500,000 and use it for an applied investments program managed by students, or don't take it at all. Stetson took it, and students have increased the fund's worth to \$1.4 million.

It seems George's late husband, Roland George, had "studied investment, got out and applied what he'd learned — and he lost all his money," Zavanelli said. "He decided something was wrong." To recoup, he ignored his business school training and got rich. The Georges decided the business curriculum needed to include an antidote to academic theories.

Sarah George wanted a stronger antidote to academic theory, so when she died in 1986 she left Stetson \$3.6 million for a professor of applied investments who had a successful track record on the national investing scene and who

remained a pro. Zavanelli arrived in 1991.

Zavanelli says successful investing houses have better 12-year records than Stetson's students, but the classes are doing OK for novices. The students were like most people — wanting only winners in the portfolio, which meant they did a lot of buying high and selling low.

"If you're going to be a professional in this field, you're paid to take risks", Zavanelli said. But it needs to be well-researched risk, and the risk needs to be spread around.

Barnett said that in classes with

simulated business projects, students can give full rein to their egos and never concede a point. But with Stetson's money on the line, "when somebody finds a hole in what you're arguing, you have to say, 'Maybe you're right' and sit down."

The silent testament of the remains of a ruined savings and loan has a chastening effect, said senior Clint Dean of Longwood. "It's kind of ironic, that's for sure."



Learning Finance: Students Clint Dean, left, Patrick Barnett, center, and Chris Fischer discuss market reports.

YEAR IN REVIEW

Student security selection in the 1992–1993 fiscal year produced excellent results for the Roland George Investments Portfolio. During this time the fund's assets climbed to new highs of \$1.4 million. Program assets have increased for the fifth consecutive year.

By May 31, 1993, total portfolio assets stood at \$1,465,731 compared to \$1,178,844 the previous year. Overall both the growth and the income funds gained 25.5 percent before expenses. By way of comparison for the total portfolio, the Lipper index of balance funds grew by 11.7 percent during this period.

The growth fund increased 31.6 percent versus a gain of 8.6 percent for the S&P 500. Small capitalization stocks, which had hurt the fund in many earlier years, contributed greatly this year. Through excellent stock selection by the students, the growth fund achieved this result with broad diversification. The income fund performance gained 16.4 percent compared to a



*New Guest Lecturer, Spring 1993:
Martin Skala, Senior Editor,
Standard & Poor's*



*Returning Guest Lecturer, Fall 1992:
Robert Stovall, C.F.A.,
Stovall/Twenty-First Advisors, Inc.*

gain of thirteen percent for the Lipper index of income funds. Students were able to achieve these results by adding convertible bonds and high-yield stocks to the portfolio.

Max Zavanelli, a professional money manager who joined the Roland George Investments Program as the visiting George Professor of Applied Investments in 1991, directed the students again this year. Professor Zavanelli has helped the program by bringing his experience into the classroom. Through his leadership, the program has much improved computer resources. In addition to his teaching and research at Stetson University, Professor Zavanelli manages Zavanelli Portfolio Research which does investment research for institutions and manages clients' portfolios. Professor James Mallett continues to be the director of the George Investments Institute and a trustee for the Roland George Investments Program.

HISTORY OF THE PROGRAM

On August 20, 1980, assets with a value of nearly \$500,000 were transferred to Stetson University. This gift fulfilled the dream of Mr. Roland George, who believed students should learn from hands-on experience. His vision allows Stetson University to offer students an opportunity that few other institutions of higher education can: the investment and management of actual dollars.

In honor of her husband, Mrs. Sarah George sought a university that would allow students to manage money under the guidance of successful practitioners. Because Mr. George was annoyed with colleges teaching only theory, his program would enable students to manage an actual portfolio. Under the pressure of generating sufficient funds to pay program expenses, the students would purchase and sell securities, and monitor the portfolio. Mrs. George stressed that failure, as well as success, should be part of the learning experience, and required students to have a major voice in the investment decision-making process.

Mrs. George, her brother Robert Wilson, and attorney Frank Gaylord approached Stetson University with their idea. Their contributions, along with those of President Pope Duncan, Dean David Nysten, Dr. H. Douglas Lee, and Professor Kenneth Jackson, developed the Roland George Investments Program.

Mr. Carter Randall, a panelist on PBS television's "Wall Street Week" and investment consultant, was chosen as the first Distinguished Visiting Professor. He served as Distinguished Visiting Professor six times. Mr. Randall has been instrumental in guiding the students into

the real world of investing with his knowledge and insight. He has also enhanced the program by attracting prominent investment professionals to Stetson University to teach the students.

Mr. Gerald T. Kennedy served as Distinguished Visiting Professor from 1982 to 1987. He introduced the use of computers to scan stocks meeting criteria selected from student research. Using services such as Value Line, S&P's Stockpak and the Dow Jones News Retrieval, in conjunction with data sources such as Zack's Icarus Services, the O'Neil Reports, and the Mutual Fund Forecaster, has taught students the use of sophisticated research materials.

Mrs. Sarah George passed away in 1988. In her will she left a gift of \$3.6 million to establish the Roland and Sarah George Investments Institute. This Institute provides support for investments education at Stetson, symposiums to bring investment professionals and academic theoreticians together, and to support research in investments for the School of Business faculty. The Stetson community greatly appreciates Mrs. George's generosity and vision for investments education.

With the additional endowment provided by the George estate, the program was enhanced by dividing the class into two semesters. First semester students focus on the growth fund and equity management techniques. The second semester places emphasis on bond portfolio management and other income generating securities. Although monitoring the entire portfolio is essential throughout the year, this structure enables students to concentrate

their efforts in a specific area of investments.

The George endowment has also allowed the program to have a full-time resident professor with applied experience. Max Zavanelli was chosen as the first George Professor of Applied Investments. Mr. Zavanelli possesses both the applied portfolio experience and the academic background for a professor to teach applied investments in the Roland George Investments Program. Under his leadership, the program has improved by adding real-time stock quotes, switching to institutional trading of securities to save on commission costs, and obtaining a major stock database from Zacks Investment Research.

Stetson University's Roland George Investments Program is unique in its conception and design. Stetson business students are afforded the opportunity to manage a portfolio with the pressures of possible failure. While many universities offer courses using computer-simulated programs with "play" money, Stetson University students are charged with investing over \$1 million.

Mr. Roland George felt that exposure to experienced investment managers and participation in actual investment decisions were the ideal ways to prepare for a career in investments. His dream has become a reality, and the program has met its goals successfully for thirteen years.

INVESTMENT STRATEGY

The investment strategy designed by this year's class aims at out-performing the market averages on a risk adjusted basis while maintaining a high level of diversification. To enhance learning, students were offered different investment perspectives from distinguished guest lecturers and practitioners. The schedule of speakers was meshed with the actual investment process so new insights could immediately be put to work.

The Roland George Portfolio is managed over two semesters by the students. This design gives students time to spend on both the income and growth portfolios. The first semester class concentrates on the growth portfolio. They establish investment criteria, research individual stocks and industries, and present buy and sell stocks based on their research to portfolio trustees.

The spring class concentrates on the income portfolio. During the semester, program members conduct follow-up analysis, research bond markets, formulate interest rate forecasts, perform bond substitute studies, and develop monitoring strategies for the fund.

The 1993 class chose to follow a top-down approach to investing. It was the class goal to identify the best sectors for the coming year. Based on this approach, the major steps in the investment process were:

1. Forecast the investment climate for the coming year.
2. Conduct an industry analysis based on the economic analysis.
3. Establish criteria for the growth portfolio.

4. Determine sales candidates from the growth portfolio.
5. Design a growth portfolio to provide growth in the program's assets.
6. Establish criteria for the income portfolio.
7. Determine sales candidates from the income portfolio.
8. Design an income portfolio to meet next year's budget and to assure future program growth.
9. Develop risk-reduction techniques and monitoring strategies for the fund.

The class goal for the growth portfolio was to beat the S&P 500 stock index on a risk adjusted basis and to obtain diversification by:

- ❖ Limiting new purchases of individual stocks to approximately five percent of the portfolio and ten percent in a single industry;
- ❖ Have a target of 14 industries;
- ❖ Have eighty percent of the equities outside of the S&P 500 universe of stocks.

For the income portfolio, the class goals were to:

- ❖ Provide income to meet budgeted expenses;
- ❖ Provide an opportunity for appreciation and income on twenty percent of the portfolio;
- ❖ Obtain diversification by having only one security per industry and no more than seven percent of the income portfolio funds in one security.

INVESTMENT ENVIRONMENT

The investment climate for 1992-1993 was influenced by the slow recovery from the recession. Based on the economic forecasts by Carter Randall, as well as the students' own research, the class forecast that the economy would slowly continue its recovery and that this recovery would gradually increase interest rates. Inflation was expected to stay moderate.

OBJECTIVES AND CRITERIA

GROWTH PORTFOLIO

The 1993 Roland George Investments class voted to design a portfolio that would yield above average returns, allow for potential growth, and limit market risk. Students were concerned with the market's high price-to-earnings ratio and decided to maintain a posture of diversification to reduce risk and finding uniquely defensive stocks for the portfolio. Emphasis was placed on finding stocks that had low betas and that had low correlation with the rest of the portfolio.

Asset Allocation

- 70% U.S. equities
- 50% Small to Mid-Cap
- 20% S&P 500
- 20% International equities
- 10% Special situations

To take advantage of the return of smaller capitalization stocks, it was decided that 70% of the equities would be in companies that were not in the S&P 500 stock index.

The class stock selection criteria were based on identifying market inefficiencies. Stocks in the following areas were investigated for inclusion in the portfolio:

- ✧ Spinoffs
- ✧ Buybacks
- ✧ Large dividend increases
- ✧ Neglected stocks
- ✧ Peter Lynch's "Buy What You Know"
- ✧ Insider trading

Special Situations

- ✧ Fast Diversifier (extremely low or negative beta). Beta of .6 or less.
- ✧ Unique value according to fundamental analysis.

International Stocks

- ✧ Country has inflation less than 20%
- ✧ Country not in turmoil politically
- ✧ Expanding economic picture or already stable
- ✧ Dividends paid in U. S. currency
- ✧ Ability to monitor company easily
- ✧ If the stock is a closed-end mutual fund, it must sell at a discount to its net asset value.

All U.S. stocks except for special situations and spinoffs must be judged to be undervalued by equity models.

INCOME PORTFOLIO

The 1993 Roland George class set as their objective finding undervalued mispriced income securities that would have a favorable risk-return trade-off. As strategic goals the class decided to set a target goal of \$48,000 income, achieve an eight percent return by earning seven percent current income and one percent capital gain, and use fundamental analysis to avoid default risk. To help achieve these goals the class chose to use bonds, convertibles, and high-dividend stocks as asset classes in the income portfolio.

Asset Allocation

- 15% Convertible Bonds
- 10% High Yield Stocks
- 68% Corporate Bonds
- 7% Mortgage

To the extent that corporate bonds could not be found at a fair value, the proceeds were to be invested in treasury notes.

Criteria for Corporate Bonds

- ✧ Current assets 1.5 times larger than current liabilities
- ✧ Debt to equity ratio 1 to 1
- ✧ Company must be earning more than two times interest on debt
- ✧ Z-score 1.95 or better for non-financial companies
- ✧ Have positive operating earnings growth (12-months trailing)

If a bond is rated BBB or better, one of the above criteria could be waived if class analysis deemed the bond to be safe.

Criteria for High Yield Stocks

- ✧ Dividend growth 25% greater than the S&P 500
- ✧ Earnings growth 25% greater than the S&P 500
- ✧ Dividend yield 25% greater than the S&P 500
- ✧ Value Line safety rank three or higher
- ✧ Non-Value Line stocks must have:
 - * no long-term debt
 - * current ratio greater than 1.5

Criteria for Convertible Bonds

- ✧ Value Line sensitivity analysis of 1.8-to-1
- ✧ For companies with negative earnings, liquid assets must be greater than long-term debt

CLASS OF 1993



Front row: Christopher Fischer, Matthew Kelly, Patrick Barnett, David Herrera, Jeremy Van Arkel and Frank Morreale. *Second row:* Steven Thill, Jason Wells, Denise Singleton, Richard Kolb, Ross Bunson, Christopher (Kip) Rupp, Patricia Smith, Harold Stankard, Christopher Schmachtenberger, Clinton Dean, Christopher Clark, Peter Thiel, Daniel Glunt, and Raymond Smith. *Not pictured:* Brad Bradley, Eric Cinnamon, Monty Hoeft, Laura Palmer, Dax Russell, Thomas Taylor, and Andrew (Chip) Wright, III.

1992–1993 ROLAND GEORGE MERIT SCHOLARS

Four outstanding students were honored with Roland George Merit Scholarships. During the fall semester, Richard Bigot, a graduate in December 1992, and Harold Stankard, a graduate in May 1993, received scholarships. In the spring, scholarships were awarded to Christopher Fischer and Christopher Schmachtenberger, both graduates in May 1993. To date, fifty-one students have received scholarships during the program's thirteen-year existence.

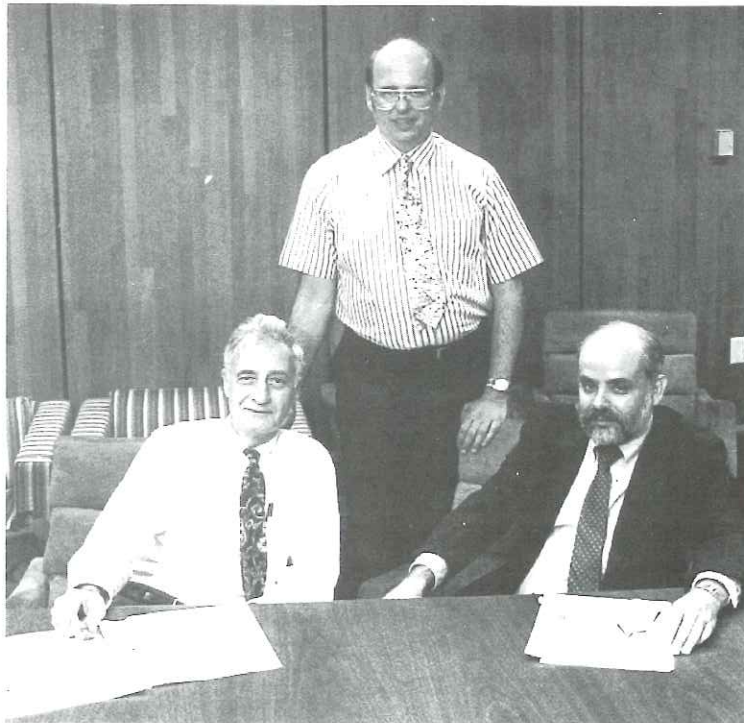
PERFORMANCE

APPENDIX A SUMMARY OF THIRTEEN-YEAR PERFORMANCE

<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 ^a
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
5/31/86	471,512	476,936	948,448
5/31/87	476,248	498,175	974,423
5/31/88	467,783	434,509	902,292
5/31/89	496,747	475,699	972,466
5/31/90	509,761	569,591	1,079,352
5/31/91	579,978	537,431	1,117,404
5/31/92	616,547	562,297	1,178,844 ^b
5/31/93	778,023	687,708	1,465,731

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

^bProgram expenses of \$44,275 deducted after May 31, 1993.



Reviewing student trustees meeting: Dr. Andy Lerro, Chairman of Finance Dept., left; Prof. Max Zavanelli, center; and Dr. Jim Mallett, Director of George Investments Institute.

PORTFOLIO ASSETS

APPENDIX B GROWTH FUND 5/31/93

COMMON STOCKS

SHARES	NAME	COST	MARKET
1,600	ALEX BROWN, INC.	31,280	36,000
3,000	ALLIED HEALTHCARE PRODUCTS	29,625	27,750
2,425	ALLTRISTA CORPORATION	34,230	33,950
900	BALL CORPORATION	26,040	29,138
600	BOEING COMPANY	29,954	23,775
9,000	COMPUTERVISION CORPORATION	29,700	41,625
2,500	CONTROL DATA SYSTEMS, INCORPORATED	20,750	29,375
800	GOODYEAR TIRE & RUBBER COMPANY	27,486	31,800
3,000	HORSHAM CORPORATION	27,525	37,500
3,700	INDRESCO, INCORPORATED	31,173	48,563
6,400	MICRONICS COMPUTERS, INCORPORATED	42,830	42,400
400	NIKE, INCORPORATED	16,243	29,000
1,900	QUIXOTE CORPORATION	27,313	27,075
1,500	RAYMOND JAMES FINANCIAL, INCORPORATED	29,650	35,625
3,600	ROTTLUND COMPANY	28,980	26,100
2,000	SPI PHARMACEUTICALS	29,600	27,750
4,000	WALKER INTERACTIVE SYSTEMS	32,000	30,000
1,300	WHITTAKER CORPORATION	15,264	17,713
	TOTAL COMMON STOCKS	\$509,643	\$575,139

INTERNATIONAL STOCKS

600	TELEFONOS DE MEXICO, ADR	\$ 25,461	\$ 29,250
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CLOSED-END MUTUAL FUNDS

2,000	CONVERTIBLE HOLDINGS	\$ 15,100	\$ 20,750
900	CHILE FUND, INCORPORATED	27,945	26,663
1,900	MALAYSIA FUND, INCORPORATED	31,445	34,438
1,435	MEXICO FUND, INCORPORATED	33,222	31,211

U.S. TREASURY NOTES

27	U.S. TREASURY NOTES 7% (04/15/99)	\$ 27,217	\$ 28,915
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TOTAL CASH EQUIVALENT

\$ 31,657 \$ 31,657

TOTAL GROWTH FUND ASSETS

\$701,690 \$778,023

PORTFOLIO ASSETS

APPENDIX B (cont.)

INCOME FUND

5/31/93

CORPORATE BONDS

UNITS	DESCRIPTION	COST	MARKET	YIELD (%)
44	AMERICAN BRANDS 7.5% (05/15/99)	\$ 47,245	\$ 46,167	7.15
47	DU PONT EI DE NEMOURS AND COMPANY 6% 12/01/01	46,354	45,649	6.18
33	MEDIPLEX GROUP 11.75% (10/01/02)	34,815	35,351	10.97
40	ROCKWELL INTERNATIONAL 8.375% (02/15/01)	45,800	44,406	7.54
	TOTAL CORPORATE BONDS	<u>\$ 174,214</u>	<u>\$ 171,573</u>	

CONVERTIBLE BONDS

40	MENTOR CORPORATION 6.75% 07/22/02	\$ 34,050	\$ 35,600	7.58
40	CONNER PERIPHERALS 6.75% 03/01/01	35,300	34,100	7.92
	TOTAL CONVERTIBLE BONDS	<u>\$ 69,350</u>	<u>\$ 69,700</u>	

U.S. TREASURY NOTES

184	U.S. TREASURY NOTES 9.125% 05/15/99	\$ 207,520	\$ 216,546	7.75
28	U.S. TREASURY NOTES 8% 08/15/99	29,558	31,413	7.13
	TOTAL TREASURY ISSUES	<u>\$ 237,078</u>	<u>\$ 247,959</u>	

COMMON STOCKS

600	BRISTOL MYERS/SQUIBB COMPANY	\$ 35,586	\$ 36,000	4.80
2,000	LANDAUER, INCORPORATED	33,286	33,000	4.85
	TOTAL COMMON STOCKS	<u>\$ 68,872</u>	<u>\$ 69,000</u>	

CLOSED-END MUTUAL FUNDS

5,000	PILGRIM PRIME RATE	\$ 46,500	\$ 45,625	6.58
1,600	USF & G PACHOLDER FUND	31,280	31,400	9.68
	TOTAL CLOSED-END MUTUAL FUNDS	<u>\$ 77,780</u>	<u>\$ 77,025</u>	

MORTGAGES

	RHODES MORTGAGE (08/07/01)	\$ 42,513	\$ 42,513	8.00
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	TOTAL CASH EQUIVALENTS	<u>\$ 9,938</u>	<u>\$ 9,938</u>	2.24
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	TOTAL INCOME FUND ASSETS	<u>\$ 679,745</u>	<u>\$ 687,708</u>	7.38
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	TOTAL PORTFOLIO ASSETS	<u><u>\$ 1,381,435</u></u>	<u><u>\$ 1,465,731</u></u>	
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TRANSACTIONS

APPENDIX C

SALES-GROWTH FUND

UNITS	DESCRIPTION	SALES PRICE	NET COST	PROFIT (LOSS)
1,200	ABBOTT LABORATORIES	\$ 33,539	\$ 13,725	\$ 19,814
1,300	BIOWHITTAKER	12,935	15,676	(2,741)
1,800	CALLAWAY GOLF COMPANY	57,621	31,320	26,301
1,200	CONVERTIBLE HOLDINGS	10,590	9,060	1,530
700	FLIGHT SAFETY INTERNATIONAL	28,664	29,968	(1,304)
600	FORD MOTOR COMPANY	23,213	19,650	3,563
2,200	KCS GROUP	70,756	29,755	41,001
900	MERCK & COMPANY	38,091	22,013	16,078
200	NIKE	16,513	7,651	8,862
1,050	OUTBACK STEAKHOUSE	46,148	25,060	21,088
800	SIGMA-ALDRICH	43,760	22,832	20,928
3,800	SULCUS COMPUTER	31,634	26,790	4,844
75	U.S. BIOSCIENCE	602	633	(31)
1,200	U.S. HEALTHCARE	51,240	28,440	22,800
3	U.S. TREASURY NOTES 7.0% (04/14/99)	3,213	3,024	189
500	WAL MART STORES	31,026	26,035	4,991
	TOTAL SALES-GROWTH FUND	\$ 499,545	\$ 311,632	\$ 187,913

SALES-INCOME FUND

UNITS	DESCRIPTION	SALES PRICE	NET COST	PROFIT (LOSS)
50	BSN CORPORATION	\$ 50,250	\$ 33,500	\$ 16,750
1,800	CEDAR FAIR L.P.	51,658	30,690	20,968
1,800	LINCOLN NATIONAL	30,959	30,915	44
34	PARAMOUNT COMMUNICATIONS	33,702	31,052	2,650
15	TURNER BROADCASTING SYSTEMS	16,762	15,612	1,150
123	U.S. TREASURY NOTES 8.0% (08/15/99)	139,451	128,832	10,619
	TOTAL SALES-INCOME FUND	\$ 322,782	\$ 270,601	\$ 52,181

TRANSACTIONS

APPENDIX C (continued)

BOND REDEMPTIONS—INCOME FUND

UNITS	DESCRIPTION	SALES PRICE	NET COST	PROFIT (LOSS)
35	PROCTOR GAMBLE 8.25% (03/01/05)	\$ 35,826	\$ 33,688	\$ 2,138
20	TEXACO 8.50% (04/01/06)	20,558	18,185	2,373
	TOTAL REDEMPTIONS-INCOME FUND	\$ 56,384	\$ 51,873	\$ 4,511
	TOTAL SALES AND REDEMPTIONS OF BOTH FUNDS	\$ 878,711	\$ 634,106	\$ 244,605

INVESTMENTS PURCHASED GROWTH FUND

		COST
1,600	ALEX BROWN	\$ 31,280
3,000	ALLIED HEALTHCARE PRODUCTS	29,625
2,200	ALLTRISTA CORPORATION	30,525
900	BALL CORPORATION	29,745
900	CALLAWAY GOLF	31,320
900	CHILE FUND	27,945
9,000	COMPUTERVISION	29,700
2,500	CONTROL DATA SYSTEMS	20,750
400	GOODYEAR TIRE & RUBBER	27,486
3,700	INDRESCO	31,172
1,100	KCS GROUP	29,755
1,900	MALAYSIA FUND	31,445
1,435	MEXICO FUND	33,228
3,100	MICRONICS COMPUTERS	16,430
1,900	QUIXOTE CORPORATION	27,312
3,600	ROTTLUND COMPANY	28,980
2,000	SPI PHARMACEUTICALS	29,600
75	U.S. BIOSCIENCE	633
4,000	WALKER INTERACTIVE SYSTEMS	32,000
	TOTAL PURCHASES—GROWTH	\$ 518,931

INCOME FUND

44	AMERICAN BRANDS 7.50% (05/15/99)	47,245
600	BRISTOL MYERS	35,586
40	CONNER PERIPHERALS 6.75% (03/01/01)	35,300
47	DU PONT 6.00% (12/01/01)	46,354
2,000	LANDAUER	33,286
33	MEDIPLX GROUP 11.75% (10/01/02)	34,815
40	MENTOR CORPORATION 6.75% (07/22/02)	34,050
5,000	PILGRIM PRIME RATE TR	46,500
40	ROCKWELL INTERNATIONAL 8.375% (02/15/01)	45,800
40	U.S. TREASURY NOTES 9.125% (05/15/99)	47,725
	TOTAL PURCHASES—INCOME	\$ 406,661
	TOTAL COST OF NEW INVESTMENTS FOR BOTH FUNDS	\$ 925,592

STATEMENT OF OPERATIONS

APPENDIX D

June 1, 1992 – May 31, 1993

INCOME:

DIVIDENDS		\$ 21,072
INTEREST		<u>45,528</u>
		\$ 66,600

EXPENSES:

CUSTODIAL FEES	933	
ADMINISTRATIVE EXPENSES	<u>44,275</u> ^a	<u>45,208</u>

NET INVESTMENT INCOME

\$ 21,392

REALIZED GAIN [LOSS] ON INVESTMENTS:

PROCEEDS FROM SECURITIES SOLD	878,711	
COST OF SECURITIES SOLD	<u>634,106</u>	
NET REALIZED GAIN [LOSS] ON INVESTMENTS		\$ 244,605

NET DECREASE IN UNREALIZED APPRECIATION ON INVESTMENTS:

MARKET VALUE OF HOLDINGS	1,465,731	
COST OF HOLDINGS	<u>1,381,435</u>	
UNREALIZED APPRECIATION - 5/31/93	84,296	
LESS UNREALIZED DEPRECIATION - 5/31/92	<u>108,614</u>	
INCREASE [DECREASE] IN NET UNREALIZED APPRECIATION		\$ <u>[24,318]</u>

NET REALIZED GAIN AND DECREASE IN NET UNREALIZED APPRECIATION

\$ 220,287

NET INCREASE IN ASSETS RESULTING FROM OPERATIONS

\$ 241,679

^a1993 administrative expenses deducted after May 31, 1993.

PROGRAM LECTURERS

APPENDIX E

1982–1993

ALEXANDER, JOHN, Ph.D.	Stetson MBA graduate and 1984 Roland George Investments Program Merit Scholar; Assistant Professor of Finance, Clemson University. 1986, 1990.
ALBERS, CHARLES	Senior Vice President, Guardian Life Insurance; Chairman, Guardian Park Avenue Fund; six times on Forbes Honor Roll of Mutual Funds. 1991–1993.
ALLEN, DEBORAH, Ph.D.	President, Claremont Economics Institute; Panelist on PBS television's "Wall Street Week". 1990.
ALLEN, GARRY	Managing Director, Virginia State Retirement System. 1992–1993.
BAIN, JOHN S.	Senior Vice President and Research Analyst, Raymond James & Associates. 1990–1993.
COLE, LEE R.	Managing Director of Institutional Client Services, Merrill Lynch Capital Markets. 1989–1990.
DEDERICK, ROBERT G., Ph.D.	Executive Vice President and Chief Economist, The Northern Trust Company, Chicago, Illinois. 1991.
FILIPPELLO, A. NICHOLAS	Director of Economic Analysis, Monsanto Company; Consultant to President Reagan's Council of Economic Advisors; Economist, Department of Agriculture. 1982–1987.
FINN, MARK	President, Delta Financial Inc. Mr. Finn previously instructed an investments course at the Darden School of Business, University of Virginia. 1986, 1991–1993.
GRAY, ANTHONY	President of Investment Management, SunTrust Investment Management Group. 1988.
HAGIN, ROBERT L.	Vice President and Director, quantitative analysis, Kidder, Peabody; formerly at the Wharton School of Business; author of the <u>Dow Jones–Irwin Guide to Modern Portfolio Theory</u> . 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. 1983–1987.
HOCKING, JAMES R., C.F.A.	Senior Vice President, Templeton International Counsel, Inc. 1987.
HOLLAND, LOUIS	Partner with Hahn, Holland, and Grossman; Panelist on PBS television's "Wall Street Week". 1989.
HUGHES, JAMES	Analyst, SunBank Capital Management, Orlando, Florida; 1991 Roland George Investments Program Merit Scholar and graduate of Stetson University. 1992.
JANECEK, LAN	Director of Equities, Florida State Board of Administration. 1993.

PROGRAM LECTURERS

APPENDIX E (cont.)

1982–1993

KENNEDY, GERALD T.	President, Kennedy Capital Management, Inc., Investment advisory firm ranked among the top quartile of investment advisors by S.E.I. Funds with \$120 million under management; 1982–1987 Roland George Distinguished Visiting Professor of Investments. 1982–1993.
MARSHALL, GRETA	Principal, The Marshall Plan, Sacramento, California; Panelist on PBS television's "Wall Street Week". 1989.
PERNEY, ELLIOTT	Executive Vice President, SunTrust Investment Management Group. 1988.
PETERSON, PAMELA, Ph.D.	Professor of Finance, Florida State University. 1990.
PRICE, JAMES	Managing Director at Alex Brown and Sons, Inc.; Panelist on PBS television's "Wall Street Week". 1989.
RANDALL, B. CARTER	Investment advisor, The Randall Company; 1981, 1988–91, Roland George Distinguished Visiting Professor of Investments; Panelist on PBS television's "Wall Street Week"; former senior vice president, Sun Banks of Florida, Inc. 1981, 1982, 1984–1993.
SCHUMACHER, ROBERT	Senior Vice President, First Coast Capital Management, Inc. 1990–1993.
SINQUEFIELD, REX	Founder, DFA Investment Dimensions Group, Inc., Santa Monica, California. 1992.
SKALA, MARTIN	Senior Editor and Mutual Fund Analyst of Standard & Poor's <u>Outlook</u> newsletter, New York, NY. 1993.
SNEIDER, PAUL B.	Vice President of Business Development, Rialcor Shatkin and partner in J.P. Industries. Stetson graduate (B.S. 1967). 1989.
STEVENS, JERRY L., Ph.D.	Associate Professor of Finance, E. Claiborne Robins School of Business, University of Richmond, Virginia. 1991.
STOVALL, ROBERT, C.F.A.	President, Stovall/Twenty-First Advisors, Inc.; CPA and panelist on PBS television's "Wall Street Week"; columnist for <u>Financial World</u> magazine. 1989–1993.
WALSH, JULIA, M.	President, Julia Walsh and Sons, Washington D.C.; Former panelist on PBS television's "Wall Street Week". 1989.
WANGER, RALPH, C.F.A.	President, Wanger Asset Management, Inc., Chicago, Illinois. 1993.
ZACKS, BENJAMIN	Officer, Zacks Investment Research. 1992–1993.
ZAVANELLI, MAX	President, Zavanelli Portfolio Research, Inc.; 1991–1993 Roland and Sarah George Visiting Professor of Applied Investments. 1983–1986, 1991–1993.

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