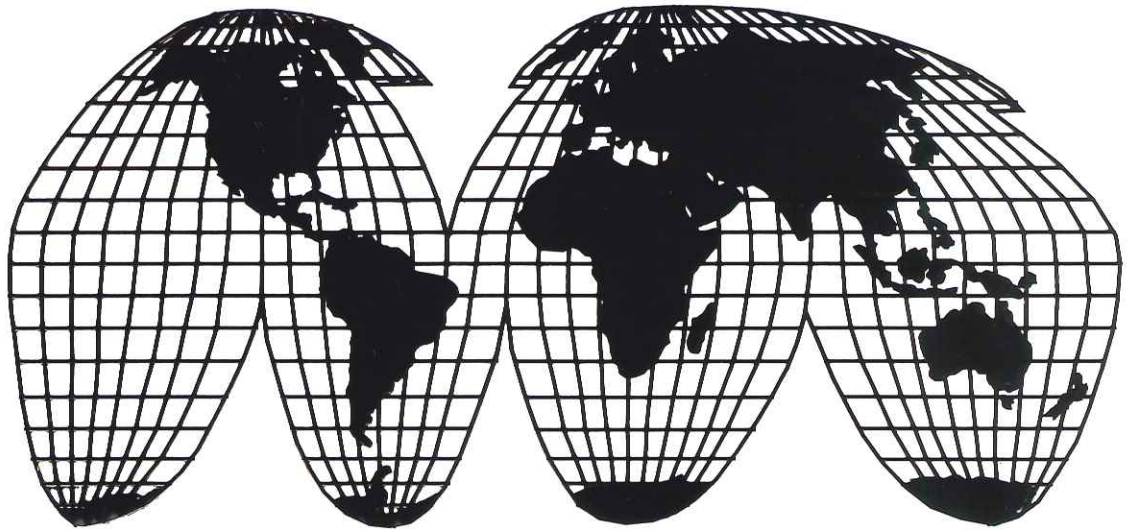
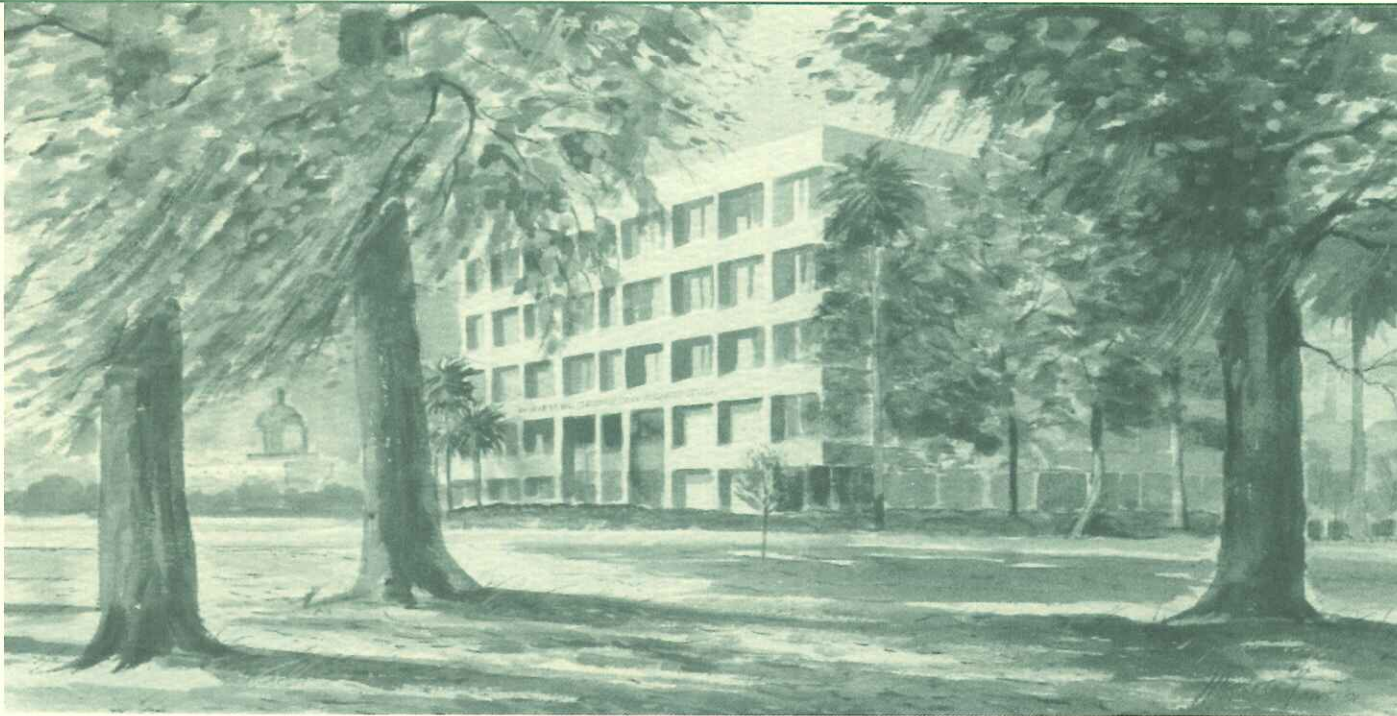


ROLAND  
GEORGE  
INVESTMENTS  
PROGRAM



1997-1998 ANNUAL REPORT



*Eugene M. and Christine Lynn Business Center  
From a watercolor by Professor Emeritus Fred L. Messersmith, A.W.S.*

PAUL E. DASCHER,  
Dean

JAMES E. MALLETT, Ph.D.  
Director

CHRISTOPHER K. MA, Ph.D., CFA,  
Visiting George Professor  
Of Applied Investments

LYNN THOMPSON,  
Administrative Secretary,  
Publications Specialist

ROLAND GEORGE INVESTMENTS PROGRAM  
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## ACKNOWLEDGEMENT

The Roland George Investments Program was established at Stetson University through a gift made in 1980 by the late 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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Assets under management in the Roland George Investments Program crossed \$2 million this year. It was only eight years ago that Program assets first exceeded the \$1 million mark. Students in the Roland George Investments Program not only had the advantage of a strong bull market and falling interest rates but their security selection has been excellent. The growth and income portfolio not only exceeded most of the established benchmarks but handily beat the average professional money manager.

Overall, the fund advanced 20.4% before Program expenses. Comprising this performance was a 30.3% increase in the Growth fund and a 10.3% increase in the Income fund. In contrast, Lipper's General Equity Fund average was 25.6% and the Lipper Intermediate Investment Grade Index (fixed-income) was 10.3%.

While the class did not reach their goal of beating the S&P 500 Index by two percent, they turned in a performance that most fund managers could only envy. The S&P 500 Index increased by 30% in the fiscal year ending May 1998 (31.8% with dividends reinvested). The Growth fund lagged this performance slightly since 61% of the fund remained invested in small capitalization stocks. For comparison consider that the Russell 2000 small cap index was up 20.5% in the same time period.

The class decided to lengthen bond maturities this year but the Income portfolio remains primarily in intermediate investment-grade corporate bonds. Difficulty in finding suitable long-term bonds to swap for our shorter term



### Merit Scholars - Spring 1998

Left to right: Anthony Freeman, Wendy Pylman, Brandy Slaughter, Dave Doorneweerd, and Todd Fisher  
Not pictured: Ray Laliberte, YoungCheol An, and Ricardo Fernandez



### Merit Scholars - Fall 1997

Left to right: Jim Schwartzel, Ken Hong, Lisa Ogram, Eric Kissel, and Akel Akel  
Not pictured: Jennifer Lay

securities kept the portfolio's duration shorter than desired. Still, a ten percent return with low risk is an accomplishment of which to be proud.

Aiding in the bond analysis this year was the addition of a Bloomberg market data terminal. Dr. Christopher Ma, this year's visiting George Professor, worked diligently obtaining the Bloomberg terminal along with other data services for investment students to use. Students not only used the Bloomberg terminal for bond and stock analysis but also were able to look at available job openings in the financial markets.

In addition to acquiring new resources for the Program and leading the students in their superb portfolio performance, Professor Ma organized a class trip to Chicago's financial markets during the Spring break. Free markets have a way of rewarding such performance, so Ned Davis Research offered Dr. Ma an employment opportunity that was in his best interest.

Accordingly, we are pleased to announce that Frank Castle, CFA, will be the new visiting Roland and Sarah George Professor for the 1998-1999 academic year. Mr. Castle comes to us from Andover, Massachusetts where he manages Andover Research. At Andover Research, Mr. Castle conducts institutional research, trains investment analysts for institutions, and performs portfolio management. Prior to Andover Research, Mr. Castle worked at Feeley and Willcox and Bank Boston in various roles as an institutional research analyst, pension management, and as a portfolio manager.

We wish to welcome Frank Castle to Stetson University and thank Christopher Ma for the excellent job that he performed with the Roland George Investments Program for the past year.

## 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, the program he envisioned would enable students to manage an actual portfolio. Under the pressure of generating sufficient income 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 insisted that students have a major voice in the investment decision-making process.

Mrs. George, along with her brother Robert Wilson and attorney Frank Gaylord, approached Stetson University with her 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 an investment consultant, was chosen as the first Distinguished Visiting Professor. He eventually served in that capacity 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. The introduction of services such as Value Line and Dow Jones News Retrieval, in conjunction with data sources such as Zack's Icarus Services and the O'Neil Reports, 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, such as symposiums to bring investment professionals and academic theorists together, and helps to provide access to 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. During the

first semester, students focus on the Growth Fund and equity management techniques. The second semester course places emphasis on management of the Income Fund, which comprises bonds 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 selected as the first Roland and Sarah George Professor of Applied Investments. Since then, Ned Schmidt and Christopher Ma have also served as Visiting George Professors. These individuals were selected because they had applied investment experience and the enthusiasm to convey this knowledge effectively in the classroom to the students. Not only have they helped in greatly improving the level of investment experience for students at Stetson University but have aided in developing the Roland and Sarah George Investments Institute into a premier organization for applied investment research and investment education.

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, complete 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 \$2 million.

Mr. Roland George felt that exposing students to experienced investment managers and allowing them to participate in actual investment decisions were ideal ways to prepare for a career in investments. His dream has become a reality, and the program has met its goals successfully for eighteen years.

### ROLAND GEORGE INVESTMENTS PROGRAM VISITING PROFESSORS

B. Carter Randall	1981
Gerald T. Kennedy	1982-87
B. Carter Randall	1988-91
Max Zavanelli	1991-94
Ned W. Schmidt, CFA	1994-97
Christopher K. Ma, Ph.D., CFA	1997-1998

### DIRECTORS

Kenneth L. Jackson	1980-81
G. Michael Boyd, Ph.D.	1982-84
James E. Mallett, Ph.D.	1985-Present

## GUEST LECTURERS

**Richard C. Arellano**  
Associate  
Fixed Income Research  
ABN AMRO, Inc.  
Chicago, IL  
Spring 1998



**Brian R. Bruce**  
President and CEO  
Bruce Global Management  
Dallas, TX  
Fall 1997

1997 — 1998

*"...a dream fulfilled...students are afforded the opportunity to manage a portfolio, complete with the pressures of possible failure..."*



**Daniel J. Bukowski**  
Senior Vice-President and  
Director of Quantitative  
Research  
Zurich Kemper Investments  
Chicago, IL  
Fall 1997



**John F. Garnish, CFA**  
Principal and Manager of  
Fixed Income Investments  
Segall Bryant & Hamill  
Investment Counsel  
Chicago, IL  
Spring 1998



**George G. Kaufman, Ph.D.**  
John J. Smith, Jr. Professor of  
Finance and Economics  
Director, Center for Financial  
and Policy Studies  
School of Business Admin.  
Loyola Univ., Chicago, IL  
Spring 1998



**Gerald T. Kennedy**  
President  
Kennedy Capital  
Management, Inc.  
St. Louis, MO  
Fall 1997



**B. Carter Randall**  
Investment Advisor  
The Randall Company  
Orlando, FL  
Fall 1997  
Spring 1998



**Robert Schumacher**  
Vice-President  
First Capital Group  
First Union National Bank  
Jacksonville, FL  
Spring 1998



**Michael J. Serio, CFA**  
Senior Portfolio Manager  
Segall Bryant & Hamill  
Investment Counsel  
Chicago, IL  
Fall 1997



**Robert H. Stovall, CFA**  
President  
Stovall/Twenty-Frist  
Advisors, Inc.  
New York, NY  
Spring 1998



**Max Zavanelli**  
President  
Zavanelli Portfolio  
Research, Inc.  
Orange City, FL  
Fall 1997

# PORTFOLIO STRATEGY

## GROWTH PORTFOLIO PERFORMANCE

In September 1997, the Roland George Investments Program students examined the year-to-date return of the Growth Portfolio which was 29.1%, compared with 27.7% for the Standard & Poor's 500 and 23.0% for the Russell 2000 (see Table 1). For the fiscal year end 5/31/97, however, the Growth Portfolio return was 2.5%, with 26.8% for S&P 500 and -0.23% for Russell 2000. The sharply different comparison in returns led the Fall 1997 class to examine the source of the return contribution. Since the Growth Portfolio contained mainly small-cap stocks, it was more appropriate to compare its performance with that of Russell 2000. To that end, the George Program students did a good job in stock selection, as shown by the excess returns over Russell 2000 returns. On the other hand, the overwhelmingly low returns of both the Growth Portfolio and the Russell 2000, compared with the S&P 500 return, strongly suggest the importance of picking the correct style for the portfolio at the onset. The difference was striking! More than a 27% return difference between the large-cap and small-cap universes made the contribution of return from superior stock selection, less than 3%, insignificant. We were convinced, therefore, that effort should be devoted to select a proper style for the Growth Portfolio.

TIME PERIOD	GROWTH PORTFOLIO	S&P 500	RUSSELL 2000
Year-to-date	29.09%	27.66%	23.04%
1 Year	30.07%	38.47%	30.61%
Fiscal Year End (5/31/97)	2.50%	26.78%	5.23%

## REVISED GROWTH PORTFOLIO STYLE

As a result, the Fall 1997 class decided to closely look at the stock portfolio to see if they could develop the most appropriate strategy and style for the current economy. Students studied numerous historical trends and other portfolio performances in order to determine what type of equities would perform the best in the present environment. They researched the conditions in which stocks with small capitalization outperform those of large capitalization.

Next, the class identified the conditions when value stocks tend to outperform growth stocks. The following are observed from past experience: lowered growth; market volatility; and interest rates not consistently low. Based on the results of this research and the current status of the economy, they concluded that medium to large-cap, value-blend stocks would dominate the market in the next six months. Therefore, students began readjusting the portfolio accordingly. This adjustment required a set definition of medium to large-cap, value-blend stocks in order to judge student recommendations. In doing so, a 7,000 stock universe was first divided into three groups based on the ranking of a value measure (Price/Book Value ratio). The lowest (top) group is considered value (growth) stocks. Next, the stocks were ranked based on their market capitalization. Using this framework, the students were able to derive the selection criteria for a certain style of the stocks. That is, medium to large-cap, value-blend stocks should conform to the following conditions:

- ❖ Price/Earnings Ratio < 25
- ❖ Price/Book Value < 3.0
- ❖ Price/Cash Flow < 14
- ❖ Price/Sales < 3.0
- ❖ Market Capitalization > \$500 million

At the beginning of the Fall 1997 semester, the Growth Portfolio consisted mostly of small-cap growth stocks, exactly opposite of the what the students felt would be best. The following diagram displays the allocation of the Growth Portfolio according to the style of each stock with respect to the size and the type. Although much of our portfolio falls within the bottom right box of the style allocation chart, our goal is to be within the top left four boxes.

VALUE	BLEND	GROWTH	
5%	5%		LARGE CAP
17%	12%		MEDIUM CAP
24%		37%	SMALL CAP

## SECTOR WEIGHTS AND NUMBER OF STOCKS

Since the overall style approved for the Growth Portfolio is medium to large capitalization value stocks, the benchmark selected for comparison is the S&P 500 index. The Standard and Poor's 500 index is diversified in all sectors of the market. The class' target is to beat the S&P 500 by an annual excess return of 2% with a tracking error of less than 2.5%. While this goal may seem modest, very few funds were able to beat the S&P 500 this year. To reduce tracking error, it was extremely important to select the proper sector weights and the number of stocks for the Growth Portfolio.

Because the main source of tracking error is from the portfolio sector bet (different from the sector weight in the benchmark), the class elected to stay close to the sector allocation of the S&P 500. That is, the sector percentages are divided in roughly the same manner as the S&P 500 index which is composed in this fashion as of September 1997: Utilities 2.7%; Energy 9.4%; Financials 16.1%; Industrials 15.3%; Durables 4.0%; Staples

10.5%; Services 12.2%; Retail 5.2%; Health 10.4%; and Technology 14.1%. In the current Growth Portfolio, the only sectors that deviate largely from the benchmark index are Services, Durables, and Staples.

For practical purpose, the Growth Portfolio is only able to hold approximately twenty-five to thirty stocks for the semester. These stocks are divided into their appropriate sectors. The number of stocks chosen is partly determined by the number that could be followed and watched closely at the same time. Each sector includes two to three stocks, depending on the percentage weight of the particular sector. Twenty-five to thirty stocks are enough to allow full diversification of our portfolio.

Given the criteria dictated by the new goals, each of the twenty-three students in the Fall 1997 class recommended one stock. The trustees approved a total of ten new stocks.

It should be pointed out that during this period, the Growth Portfolio has witnessed and survived the Asian Crisis. In response to events in Asia, our holdings in International Closed-end Funds were reduced.

Time Period	Return (%)	Merrill Lynch Index (%) (1-10 Year Corporate)
1997 Year	8.365	8.37
1998 Year-to-Date	0.45	2.12

*(The portfolio has 10 issues, with an average maturity of 5.65 years and an average duration of 4.75 years. The rating is A and above, and the average investment per bond is 10% of the portfolio, i.e., \$100,000.)*

### INCOME PORTFOLIO PERFORMANCE UPDATE

The Roland George Investments Program class of Spring 1998 focused on the management of the Income Portfolio. As shown in Table 2, the previous Income Portfolio (from the Spring class of 1997) reflects the holdings of a high-grade, short duration, laddered approach. Given a declining interest rate in 1997, it is clear that the 1997 performance of the Income Portfolio, 8.365%, just met with that of the Merrill Lynch one to ten-year Corporate Index (8.37%), while year to date it underperformed the benchmark in 1998 (0.45% vs. 2.12%). Although, it should be noted that the under-performance of the Income Portfolio with its average maturity around 5 years was mainly attributed to the direction of interest rate. The Income Portfolio performance still matched with the performance of a 10-year index. This suggests that the class made up the performance with superior individual bond selection.

### REVISED INCOME PORTFOLIO OBJECTIVES

After reviewing the Income Portfolio, coupled with a current economic and market analysis, the Spring 1998 class decided to revise the objectives of the Income Portfolio (see Table 3). It is the general agreement of the current class that, given a stable economy and stable interest rate levels in the next six to twelve months, it may be worthwhile to increase our tolerance of interest rate risk and credit risk. This new goal is implemented by lengthening the duration of the Income Portfolio as well as lowering slightly the minimum standard of the bond quality. All bonds purchased are still investment grade.

During the Spring semester of 1998, the class of twenty-seven graduate and undergraduate Roland George Investments Program students recommended twelve transactions, using the newly established portfolio goals. Since the Income

Portfolio has been fully invested, students had to formulate their recommendations in the format of "bond swap" - that is, buying a new bond to replace an existing bond in the portfolio. Their analysis had to show an obvious additional benefit, in the form of positive profit, of performing the swap.

TABLE 3  
ROLAND GEORGE INCOME PORTFOLIO  
OBJECTIVES

#### Previous Portfolio Goals Spring Class of 1997

- ❖ Total returns consist largely of interest income
- ❖ To provide stability to the earnings of the portfolio
- ❖ Maximum maturity of 10 years
- ❖ 10% of the portfolio maturing each year
- ❖ Bond ratings A or better

#### Revised Portfolio Goals Spring Class of 1998

- ❖ Minimum current income level of \$50,000
- ❖ Maximize total return
- ❖ Lengthen portfolio duration to no more than 10 years
- ❖ Bond Ratings BBB or better



*BREAKTHROUGH - The investments program regularly outperforms the S&P 500.*

### INVESTMENTS BREAK \$2,000,000

*by Jeff Hamrick, News Editor  
The Reporter, Stetson University*

Dr. Christopher Ma takes the Roland George Investment Program seriously.

Very seriously.

Ma, the visiting professor for the Roland George Investment Program, believes that discipline, hard work, and real-world experience form the basis of a strong education.

His philosophy seems to be working.

Ma teaches FIN 421 and FIN 422, the core courses for the Roland George Investment Program.

The Program recently broke the \$2,000,000 mark, a point which Ma calls "arbitrary" but indicative of the "high quality of work which students produce for this program".

The Program, which invests equally in stocks and bonds, is largely run by students who control a governing board of trustees for the Program.

"Usually each of our twenty or so students are required to recommend one stock or one bond," said Ma. "Three outside faculty members and four student trustees make the final decision as to whether or not we will accept the stock or reject it."

Ma said that the program requires students to work with "real money" and "accept the possibility of failure."

"The market does not wait for anybody," said Ma. "This is difficult material, but it is what our competitors are using."

The Program's recent breakthrough was facilitated by Bloomberg (bond) and Bridge (stock) services, which give the students immediate access to bond and stock information.

"These two systems are the top of the line in information systems for professional money management," said Ma.

All students in the investment program must take a basic investment course, FIN 320, before participating in the actual equity and fixed income portfolio management classes.

"It takes students a little while before they realize that we aren't just a class," said Ma. "We work with real money."

Ma said that the fund usually invests in small cap funds, which means that the program compares its performance to the Russell 1000.

"Students decide what they want their portfolio. It's their decision. The professor doesn't make the decision," said Ma.

Ma said that the board of trustees has faculty members on it simply to "prevent a big mistake" by students.

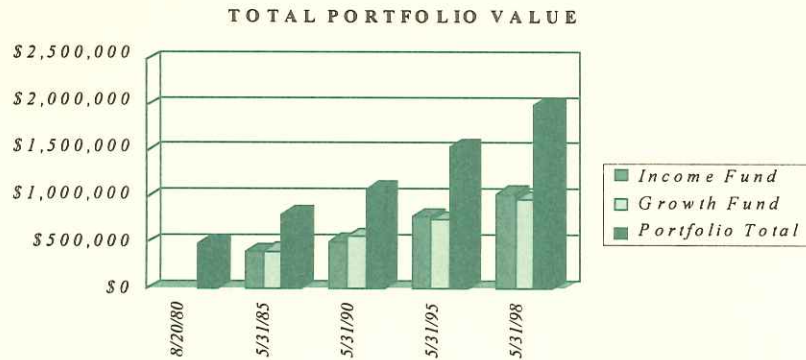
Ma said that last semester, seventy percent of the students' investment interests outperformed the S&P 500, a feat which Ma called "impressive."

"Most portfolio managers are happy if more than half of their picks outperform the S&P 500," said Ma.

The portfolio currently holds shares in companies like NationsBank and Exxon. This year marks the 17th year of the program.

Ma's position is designed to be temporary to encourage the constant influx of new ideas and new individuals.





**1997-1998 Class**

First Row, left to right: Josh Kingdon, Alan Li, Lisa Ogram, Jim Schwartzel, Jennifer Ostrowski, David Doorneweerd.  
Second Row, left to right: Wendy Pylman, Brandy Slaughter, Eric Kissel, Damon Raque, David Leidel and Peter Schaaf.  
Third Row, left to right: Dan Davis, Anthony Freeman, Mark McGinty, Jennifer McLaughlin and Dr. Christopher Ma.  
Fourth Row, left to right: Matt Hogle, Christopher Theodore, Ken Hong, Todd Fischer and Akel Akel.

**APPENDIX A  
SUMMARY OF EIGHTEEN-YEAR PERFORMANCE  
5/31/98**

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 <sup>a</sup>
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	972,446
5/31/90	509,761	569,591	1,079,352
5/31/91	579,978	537,431	1,117,409
5/31/92	616,547	562,297	1,178,844
5/31/93	687,708	778,023	1,465,731 <sup>b</sup>
5/31/94	779,942	775,785	1,555,727 <sup>b</sup>
5/31/95	790,106	749,717	1,539,823 <sup>b</sup>
5/31/96	792,512	882,426	1,674,938 <sup>b</sup>
5/31/97	798,163	904,564	1,702,727 <sup>b</sup>
5/31/98	1,027,786	975,195	2,002,981 <sup>b</sup>

<sup>a</sup> - Includes subsequent gift of \$ 86,792 in February 1982

<sup>b</sup> - Program expenses deducted after the end of the fiscal year

In establishing the Growth and Income funds, the charter establishing the Roland George Investments Fund set an asset allocation of fifty percent to the Growth Fund and fifty percent to the Income Fund. Therefore, funds are periodically transferred between funds to keep that balance.

# PORTFOLIO ASSETS

## APPENDIX B GROWTH FUND 5/31/98



Boardroom setting adds to real-world experience of student trustees.



SHARES	NAME	COST	MARKET
<b>COMMON STOCKS</b>			
2,500	Allied Healthcare	\$ 24,688	\$ 13,125
2,400	Analytical Surveys, Inc.	12,430	67,351
200	Beckman Coulter, Inc.	7,771	11,150
2,000	Biomet, Inc.	34,360	57,750
1,000	Cooper Tire & Rubber Company	21,935	23,688
400	Dillard's, Inc.	14,863	16,825
2,400	Diodes, Inc.	14,530	19,500
1,000	Electro Scientific Industries, Inc.	28,060	33,500
300	Exxon Corporation	18,121	21,150
500	FDX Corporation	32,233	32,063
400	First Union Corporation	19,871	22,100
1,000	Gentex Corporation	10,719	36,625
300	Great Lakes Chemical	14,784	12,000
3,000	Hycor Bio-Medical, Inc.	13,827	5,625
1,000	IBP, Inc.	23,935	19,375
500	LVM Moer Hennessy Louis Vuitton	18,670	21,188
500	Merrill Lynch	34,512	44,688
600	Micron Technology, Inc.	17,821	14,138
500	Mirage Resorts, Inc.	10,593	10,407
1,400	Nipsco Industries, Inc.	31,018	37,625
500	NationsBank Corporation	29,348	37,750
600	Novellus Systems, Inc.	18,346	22,688
300	Phelps Dodge Corporation	19,359	18,300
1,800	TCA Cable TV, Inc.	41,740	109,688
400	Toys R Us	13,596	10,600
3,000	Trizec Hahn Corporation	27,525	64,314
900	Westcoast Energy, Inc.	21,036	21,038
	<b>TOTAL COMMON STOCKS</b>	<b>\$ 575,691</b>	<b>\$ 804,251</b>

### CLOSED-END INTERNATIONAL MUTUAL FUNDS

1,874	Germany Fund Inc.	25,821	35,256
2,500	New South Africa Fund Inc.	36,688	41,250
2,018	Swiss Helvetia Fund, Inc.	41,599	65,208
	<b>TOTAL CLOSED-END MUTUAL FUNDS</b>	<b>\$ 104,108</b>	<b>\$ 141,714</b>

### MUTUAL FUNDS

683	Vanguard Index Value Portfolio	\$ 10,954	\$ 15,538
	<b>TOTAL OPEN-END MUTUAL FUNDS</b>	<b>\$ 10,954</b>	<b>15,538</b>

	<b>TOTAL EQUITY</b>	<b>\$ 690,753</b>	<b>\$ 961,503</b>
	<b>TOTAL CASH EQUIVALENTS</b>	<b>\$ 13,692</b>	<b>\$ 13,692</b>
	<b>TOTAL GROWTH FUND ASSETS</b>	<b>\$ 704,445</b>	<b>\$ 975,195</b>

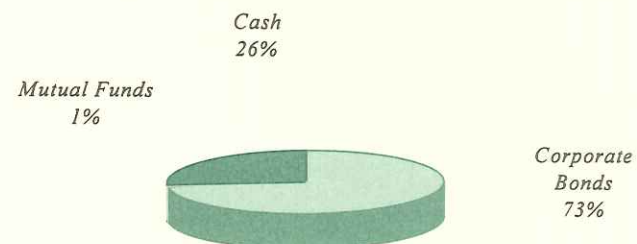
ROLAND GEORGE INVESTMENTS PROGRAM

APPENDIX B (CONT.)  
INCOME FUND  
5/31/98

PORTFOLIO ASSETS

UNITS	DESCRIPTION	COST	MARKET	CURRENT YIELD(%)
<b>CORPORATE BONDS</b>				
50	AT&T 4.375% 5/1/99	\$ 45,885	\$ 49,341	4.43%
50	IBM 6.375% 6/15/00	48,375	50,490	6.31%
40	Rockwell International 8.375% 5/1/99	45,800	42,402	7.90%
100	Walt Disney 6.375% 3/30/01	98,561	101,356	6.29%
100	Bell Atlantic 5.875% 2/1/04	93,510	99,655	5.90%
100	Hersheys Foods 6.950% 3/1/07	99,385	106,156	6.55%
100	Lehman Brothers 6.625% 2/15/08	102,406	100,738	6.58%
100	NationsBank 6.600% 5/15/10	101,947	101,371	6.51%
100	International Paper 6.875% 11/1/23	100,510	100,060	6.87%
	<b>TOTAL CORPORATE BONDS</b>	<b>\$ 736,379</b>	<b>\$ 751,569</b>	<b>6.39%</b>
<b>MUTUAL FUND - FIXED INCOME</b>				
940	Vanguard Short-Term Corporate	\$ 10,000	\$ 10,179	6.15%
	<b>TOTAL MUTUAL FUNDS - FIXED INCOME</b>	<b>\$ 10,000</b>	<b>\$ 10,179</b>	<b>6.15%</b>
	<b>TOTAL INCOME INSTRUMENTS</b>	<b>\$ 746,379</b>	<b>\$ 761,748</b>	<b>6.39%</b>
	<b>TOTAL CASH EQUIVALENTS</b>	<b>\$ 266,038</b>	<b>\$ 266,038</b>	<b>5.10%</b>
	<b>TOTAL INCOME FUND ASSETS</b>	<b>\$ 1,012,417</b>	<b>\$ 1,027,786</b>	<b>6.05%</b>
	<b>TOTAL PORTFOLIO ASSETS</b>	<b>\$ 1,716,862</b>	<b>\$ 2,002,981</b>	

INCOME FUND



Professionals, as well as academia and students, comprise board of trustees

# TRANSACTIONS

## APPENDIX C SALES



Anticipation



Jennifer Lay,  
Merit Scholar-Fall 1997

UNITS	DESCRIPTION	SALES PRICE	NET COST	PROFIT [Loss]
<b>GROWTH FUND</b>				
1,950	Analytical Surveys	\$ 61,101	\$ 10,099	\$ 51,002
4,000	CMI Corporation	18,418	18,210	208
1,714	Chile Fund	29,148	29,159	(10)
1,400	Gentex Corporation	47,518	15,007	32,511
6,000	Hycor Bio Medical	12,722	27,653	(14,931)
30	ICN Pharmaceuticals	1,494	382	1,111
500	Lone Star Steakhouse Saloon	11,413	10,642	771
2,133	Malaysia FD	16,547	37,306	(20,759)
500	Mirage Resorts	11,236	10,593	643
4,000	PSC	39,259	43,720	(4,461)
2,900	Skywest	72,145	48,483	23,663
4,000	Transmedia Network	17,197	38,700	(21,503)
0.751	Germany FD	11	10	1
1,780	Mexico FD	32,617	37,203	(4,586)
	<b>TOTAL GROWTH FUND SALES</b>	<b>\$ 370,826</b>	<b>\$ 327,167</b>	<b>\$ 43,660</b>
<b>INCOME FUND</b>				
100	General Motors Acceptance 6.75% 2/7/02	\$ 101,440	99,385	2,055
100	Loews Corporation 6.75% 12/15/06	99,790	96,260	3,530
100	Wal-Mart Stores 5.875% 12/15/05	97,990	94,340	3,650
	<b>TOTAL INCOME FUND SALES</b>	<b>\$ 299,220</b>	<b>289,985</b>	<b>9,235</b>
	<b>TOTAL PORTFOLIO SALES &amp; REDEMPTIONS</b>	<b>\$ 670,046</b>	<b>617,152</b>	<b>52,895</b>

APPENDIX C (CONT.)  
PURCHASES

UNITS	DESCRIPTION	COSTS
<b>GROWTH FUND</b>		
200	Beckman Instruments	\$ 7,771
400	Dillards	14,863
300	Exxon	18,121
500	Federal Express	32,233
400	First Union	19,871
500	LVM Moer Hennessy Louis Vuitton	18,670
500	Lone Star Steakhouse Saloon	10,642
500	Merrill Lynch	34,512
700	Nipsco Industrials	31,018
500	NationsBank	29,348
400	Toys R Us	13,596
900	Westcoast Energy	21,036
38.751	Germany FD	569
25.213	Vanguard Index Value	538
	<b>TOTAL GROWTH FUND PURCHASES</b>	<b>\$ 252,788</b>
<b>INCOME FUND</b>		
100	International Paper 6.785% 11/1/23	\$ 100,510
100	Lehman Brothers 6.625% 2/15/08	102,406
100	NationsBank 6.6% 5/15/10	<u>101,947</u>
	<b>TOTAL INCOME FUND PURCHASES</b>	<b>\$ 304,863</b>
	<b>TOTAL PORTFOLIO PURCHASES</b>	<b>\$ 557,651</b>



Global market - diversification



Hands-on resources for research aide  
JuJu Kongwaree with corporate style presentation

# STATEMENT OF OPERATIONS

APPENDIX D  
JUNE 1, 1997-MAY 31, 1998

INCOME:			
Dividends			\$ 26,387
Interest			<u>56,851</u>
			\$ 83,238
EXPENSES:			
Custodial Fees	\$	3,787	
Administrative Expenses		<u>57,908</u> <sup>a</sup>	
			\$ 61,695
NET INVESTMENT INCOME:			\$ 21,543
REALIZED GAIN [LOSS] ON INVESTMENTS:			
Proceeds from Securities Sold	\$	670,046	
Cost of Securities Sold		<u>617,152</u>	
NET REALIZED GAIN [LOSS] ON INVESTMENTS			\$ 52,894
NET DECREASE IN UNREALIZED APPRECIATION ON INVESTMENTS:			
Market Value of Holdings	\$	2,002,981	
Cost of Holdings		<u>1,716,862</u>	
Unrealized Appreciation-5/31/98		286,119	
Less Unrealized Appreciation-5/31/97		<u>78,854</u>	
INCREASE [DECREASE] IN NET UNREALIZED APPRECIATION			\$ <u>207,265</u>
NET REALIZED GAIN [LOSS] AND INCREASE [DECREASE] IN NET UNREALIZED APPRECIATION:			\$ <u>260,159</u>
NET INCREASE IN ASSETS RESULTING FROM OPERATIONS:			\$ <u><u>281,702</u></u>
<sup>a</sup> 1998 administrative expenses deducted after May 31, 1998.			

APPENDIX E  
1994–1998

ALLEN, GARRY	Chief Investment Officer, Signet Trust Company, Richmond, VA. 1992–1996.
ARELLANO, RICHARD C.	Associate, Fixed Income Research, ABN AMRO, Inc., Chicago, IL. 1998.
ARONSON, THEODORE R., CFA, CIC	Founder, Aronson & Partners, Philadelphia, PA. 1997.
BAIN, JOHN S.	Director, Investor Relations, CellStar Corporation, Carrollton, TX; formerly Senior Vice-President and Research Analyst, Raymond James & Associates, St. Petersburg, FL. 1990–1995.
BONDING, KARIN B., CFA	Vice-President, Education Department, Association for Investment Management and Research (AIMR), Charlottesville, VA. 1995.
BRUCE, BRIAN R.	President and CEO, Bruce Global Management, Dallas, TX. 1998.
BUKOWSKI, DANIEL J.	Senior Vice-President and Director of Quantitative Research, Zurich Kemper Investments, Chicago, IL. 1998.
CAZENAVE, MARX L.	President & Chief Executive Officer, Progressive Investment Management Company, San Francisco, CA. 1997.
COLLINS, ELIZABETH D.	Municipal Analyst–Healthcare, Fixed Income Department, Raymond James & Associates, St. Petersburg, FL. 1997.
DUNLAP, ALBERT J.	Chairman and Chief Executive Officer, Scott Paper Company, Philadelphia, PA. 1996.
EVANOUSKAS, EDWARD R.	Senior Vice-President & Director of Fixed Income Research, Raymond James & Associates, St. Petersburg, FL. 1997.
FINN, MARK	President, Delta Financial, Inc. Mr. Finn previously instructed an investments course at the Darden School of Business, University of Virginia. 1986, 1991–1994.
GARNISH, JOHN F., CFA	Principal, Manager of Fixed Income Investments, Segall Bryant & Hamill Investment Counsel, Chicago, IL. 1998.
HARDIN, DAVID R.	Principal, Fixed Income Group, Barrow, Hanley, Mewhinney & Strauss, Inc., Dallas, TX. 1995–1996.
JACKSON, JOHN	President, Old Dominion Asset Management, L.P., Norfolk, VA. 1994.
JANECEK, LAN	Director of Equities, State Board of Administration, Tallahassee, FL. 1993–1997.
JARRIEL, BARBARA	Chief Investment Officer of Fixed Income, State Board of Administration, Tallahassee, FL. 1994–1996.
JAWORSKI, DANIEL R., CFA	Formerly Senior Vice-President, STI Capital Management, Orlando, FL. 1997.
KAUFMAN, GEORGE G., Ph.D.	John J. Smith, Jr. Professor of Finance and Economics, Director, Center for Financial and Policy Studies, School of Business Administration, Loyola University, Chicago, IL. 1998.



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 more than \$1.6 billion under management; 1982-1987 Roland George Distinguished Visiting Professor of Investments. 1982-1998.
KENT, CYNTHIA S.	Advocacy Administrator, Association for Investment Management and Research (AIMR), Charlottesville, VA. 1995.
MACH, MICHAEL R., CFA	Senior Research Analyst, Fundamental Research, Piper Jaffray, Minneapolis, MN; formerly Senior Vice-President, Portfolio Advisor, Putnam Investments Management, Boston, MA. 1997.
McEVILLY, STEVEN T.	Director, Active Trader Enterprise, Charles Schwab and Company, Inc., Orlando, FL. 1996.
McGOVERN, CAROLYN P.	Administrative Consultant, Wyatt Preferred Choice, L.L.C., Jacksonville, FL. 1996.
MILLER, GARY, CFA	Senior Vice-President and Chief Investment Officer, ADAM Investment Services, Inc., Atlanta, GA. 1996.
PERNY, ELLIOTT	Senior Executive Vice-President, STI Capital Management, N.A., Orlando, FL. 1988, 1995.
PURDUE, STARR H.	Manager, Trust Investments, Florida Power Corporation, St. Petersburg, FL. 1996.
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, 1984-1998.
SCHUMACHER, ROBERT	Vice-President, First Capital Group, FirstUnion National Bank, Jacksonville, FL. 1990-1998.
SERIO, MICHAEL J., CFA	Senior Portfolio Manager, Segall Bryant & Hamill Investment Counsel, Chicago, IL. 1998.
STANLEY, JEFFREY A.	International Operations, American Bond Partners International, Orlando, FL. Stetson graduate (BBA 1990). 1995.
STOVALL, ROBERT, CFA	President of Stovall Twenty-First Advisors, Inc.; CPA; panelist on PBS television's "Wall Street Week"; and, columnist for <u>Financial World</u> magazine. 1989-1998.
VICTOR, JON	President, Security Capital Management, Inc., Stamford, CT. 1994.
WATSON, JR., WILLIAM A.	President, Watson Realty Corporation, Jacksonville, FL. Stetson graduate (BBA 1959). 1995.
ZAVANELLI, MAX	President, Zavanelli Portfolio Research, Inc.; 1991-1994 Roland and Sarah George Visiting Professor of Applied Investments. 1983-1986, 1991-1998.
ZIPPER, PETER	Vice-President, Anglo Irish Bank (Austria), Vienna, Austria. 1995.

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