
ROLAND GEORGE INVESTMENTS PROGRAM

2000-2001 ANNUAL REPORT



2001 NATIONAL "BLEND" PORTFOLIO CHAMPIONS



*Watercolor by Professor Emeritus
Fred L. Messersmith, A.W.S.*

Eugene M. and Christine Lynn Business Center



*Under Reconstruction – 2001
Photo by Lynn Thompson*



Artist drawing – Renovation

PAUL E. DASCHER,
DEAN

JAMES E. MALLET, PH.D.
DIRECTOR

Frank G. Castle, CFA,
Visiting George Professor
Of Applied Investments

LYNN THOMPSON,
ADMINISTRATIVE SECRETARY,
PUBLICATIONS SPECIALIST

**Cover photograph shows the bull
and bear trophy our students received at
the Dayton, OH competition.**

Photo by Lynn Thompson

ROLAND GEORGE INVESTMENTS PROGRAM
SCHOOL OF BUSINESS ADMINISTRATION
STETSON UNIVERSITY
DELAND, FLORIDA 32720

TELEPHONE: (386) 822-7442

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.

TABLE OF CONTENTS

ACKNOWLEDGEMENT	ii
THE YEAR IN REVIEW	3
2000–2001 ROLAND GEORGE MERIT SCHOLARS	3
NATIONAL CHAMPS.....	4
LECTURERS	5
THE 2001 ROLAND GEORGE INVESTMENTS PROGRAM	
PORTFOLIO STRATEGY:	
–Growth Portfolio Goals	6
–Growth Portfolio Strategies.....	6
–Economic Outlook.....	6
–Growth Portfolio Update.....	7
–Income Portfolio Goals.....	7
– Asset Allocation Policy.....	7
–Income Portfolio Update	7
HISTORY OF THE PROGRAM	8
APPENDICES	
A. Summary of Twenty-one Year Performance	9
B. Portfolio Assets — 5/31/01	10
C. Transactions (6/1/00 through 5/31/01).....	12
D. Statement of Operations (6/1/00 through 5/31/01).....	14
E. Program Lecturers (1996 through 2001).....	15

STUDENTS RISE ABOVE THE S&P 500

While day traders and technology investors were nursing their wounds, students in the Roland George Investments Program produced another year of exceptional returns. The students' approach of seeking value with a margin of safety proved again to be a sound long-term strategy. In March the George students received recognition for their portfolio returns and overall investment strategy at the University of Dayton's RISE Symposium.

At the first annual RISE student portfolio competition the Roland George Investments Program took first place as the 2001 National "Blend" Portfolio Champions. Blend investing is defined as combining both growth and value stocks into your portfolio. The equity portfolio's return of 37% for the twelve months ending January 31 far outdistanced the S&P 500 loss of one percent. It beat all but nine of the 660 professional mutual funds managers that use the blend style of investing. As a result of winning the competition, five students had the opportunity to go to New York in April to open NASDAQ trading.

Success for this achievement belongs not only to this year's class but also to the previous classes that helped to construct the overall portfolio. Also aiding in the Program's victory was Professor Frank Castle's guidance and mentoring that helped advance the students' skills in finding undervalued stocks. Presenting the George Program's equity strategy in Dayton, Ohio were Katie Alday, Michelle Dass, Brian Rachwalski, and Jack White. Mr. Castle, students in the Program, and other faculty worked with these speakers to form an effective presentation of the class investment strategy to present to the professional money managers who served as judges.

Strong portfolio performance continued through May 31. Assets under management by the George students grew by \$384,000 to over \$2.6 million. In addition, the fund provided for \$50,000 in Program expenses. Overall the fund advanced by 19.2% before expenses. Comprising this performance was a 26.1% gain in the Growth Fund and an 11% gain for the Income Fund. The growth portfolio handily outpaced its benchmarks.



MERIT SCHOLARS - 2000-2001

*Left to right:
Katie Norsen Alday,
Graham Forum
and Michelle Dass*

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



Kurt Tesh, Stetson graduate of 1984, returns as guest speaker representing Capital Resource Advisors, Atlanta, GA

For example, the S&P 500 index total return declined 10.5% for the same period. The Income Fund, however, trailed the Lipper Intermediate Bond Index return of 12.2%.

Going out on a high note, Mr. Frank Castle, CFA, completed his three-year appointment as the Visiting Roland and Sarah George Professor of Applied Investments. His knowledge of security analysis and applied investment experience was instrumental in the class excelling in their portfolio performance and winning the national championship. With Professor Castle's aid, Baseline terminals were added to our Program's analytical tools. He also had inspired the students to excel at their written investment reports which has been reflected in a continually improving *George Investment View*. Probably more than anything else the students have appreciated his close and personal mentoring. We wish to express our heartfelt gratitude for all that Frank has contributed to the Program.

We are pleased to announce that Dr. Christopher Ma will be rejoining us as the George Professor next year. Dr. Ma has been working for the George Weiss hedge fund in Connecticut for the past three years. He is also the Director of Investments and Portfolio Manager for KCM Asset Management Group, Inc. Dr. Ma received his Ph.D. in Finance from the University of Illinois at Urbana-Champaign, has CFA certification, as well as extensive publications and teaching experience. We welcome him back and look forward to his guidance of the Roland George Investments Program.

NATIONAL CHAMPS...



"STETSON STUDENTS CHAMPS IN INVESTMENT CONTEST"

Business News, News Journal, Daytona Beach, FL

Tuesday, April 10, 2001

By JOE CREWS (joe.crews@news-jrnl.com)

Business Writer

DELAND — A finance class at Stetson University brought home one of three top honors in a national student investment competition. Four students represented the class in a market symposium at the University of Dayton School of Business Education in Ohio. The contest took place Friday (4/8/01).

The competition was based on risk-adjusted investment performance for a 12-month period ending Jan. 31, said Dr. James Mallett, Stetson professor of finance. The contest encompassed three styles of investment management: growth, value and blended approaches. The Stetson team competed in the blend category, selecting relatively low-priced stocks with potential to climb quickly.

The winners were chosen for both their portfolio performance and the quality of their presentations before a panel of nine portfolio managers.

Stetson's team of undergraduates, who posted a 37 percent return for the year-long period, managed a portfolio of about 40 value and growth stocks, Mallett said.

"The students did a great job," said Mallett, who accompanied the team to Dayton. "It was a team victory, not only for this class but also for the previous class."

"(Visiting professor) Dr. Frank Castle did a great job of teaching them a contrarian-style of investing, like that used by Warren Buffet," Mallett added.

This year's investing class has 18 students, and the best four presenters — Michelle Dass, Katie Norsen, Brian Rachwalski and Jack White — were chosen for the trip. White is majoring in American studies; the other three are finance majors, Mallett said.

The Stetson team, one of five finalists in the blend management competition, defeated a team of MBA students from Portland State, an investment club from Virginia Tech, and classes from Michigan State and the University of Northern Colorado.

Graduate students from Rice University took top honors in the value management category, while undergrads from the University of Dayton captured the growth style crown.

Katie Alday, Jack White, Brian Rachwalski, Michelle Dass and Sidney Taylor participate in "opening bell" at NASDAQ in New York City, Monday, April 30, 2001.

RISE Competition —

STETSON — "BLEND" CHAMPS = 37%

UNIV. OF DAYTON — GROWTH CHAMPS = 5%

RICE UNIV. — VALUE CHAMPS = 3%

S & P 500 DOWN 1%

NASDAQ DOWN 68%

"TRAINING GROUND

STUDENTS SMASH FUNDS ...

THESE COLLEGE KIDS COULD TEACH THE PROS

A THING OR TWO ABOUT INVESTING."

Mutual Funds / July 2001 / pp. 22

Maybe more fund managers should go back to college. In April, teams of students from 43 schools met at the University of Dayton in Ohio for a managed-portfolio competition, involving real dollars invested in real stocks in the year 2000. Judges, including managers from the AIM and Nuveen fund groups, looked at more than raw returns, deducting points for volatility or inconsistent strategies. And in the end, the three winning teams (one each in the growth, value, and "blend" categories) beat not only their competitors, but also many highly paid fund managers.

Topping the chart was Stetson University of DeLand, Florida. Its 37% gain beat all but nine of the 660 funds in the "blend" category tracked by the fund-rating service Morningstar (even after subtracting the funds' average 1.1% expense ratio). Stetson scored with stocks that had suffered from overanxious investor sentiment. One big winner: Philip Morris, up 110%.

SCHOOLS RULE. The 5% return posted by the home team, the University of Dayton, was enough to win the growth category and to beat roughly eight of 10 growth mutual funds. Dayton's big-picture approach — "focused on inflation and interest rates," says a member — steered assets away from technology stocks.

Houston's Rice University won the value category with an "enhanced indexing" strategy that mimicked the S&P 500 Index, but with more emphasis on financial and energy stocks and less on tech. Rice beat the S&P by four percentage points, but trailed most value mutual funds, which owned even less technology.

Students on the winning teams got trophies and, presumably, good grades. Many also got jobs with fund shops, including GE Capital and Merrill Lynch. Of course, it won't be easy to repeat their triumphs in the real world, where grown-up managers have to cope with pesky problems — such as investors taking back their money—that the students didn't face. On the upside, they'll be paid in something better than pizza and beer.

LECTURERS

*“...exposing students to experienced investment managers...
ideal to prepare for a career in investments...”*

2000 — 2001

— FACULTY —

Frank G. Castle, CFA
George Professor of
Applied Investments



James E. Mallett, Ph.D.
Director, George
Investments Institute and
Professor of Finance

— GUEST SPEAKERS —



Robert Schumacher
Vice-President
First Capital Group
First Union
National Bank
Jacksonville, FL
Spring 2001



Robert H. Stovall, CFA
President
Stovall/Twenty-Frist
Advisors, Inc.
New York, NY
Fall 2000



Kurt J. Tesh, Jr., CFA
Consultant
Capital Resource
Advisors
Atlanta, GA
Fall 2000

PORTFOLIO STRATEGY

GROWTH PORTFOLIO GOALS

Our aim is to:

- ❖ Generate equity investments based on thoughtful research and disciplined decision-making, seeking above average, full cycle total return, with a long-term focus.
- ❖ Achieve an above-average risk adjusted real return (alpha) by following disciplined asset allocation and equity risk strategies, emphasizing both hidden intrinsic values and depressed, oversold companies.
- ❖ Control portfolio relative risk by selecting stocks with attractive margins of safety and reasonable P/E ratios. The portfolio will be diversified with over forty stocks in a wide array of industries.

GROWTH PORTFOLIO STRATEGIES

Security selection will fall within one of our value/growth categories, several of which we have listed below. We believe the market will at some future date focus on the undervaluation of our individual securities and adjust their values upward.

VALUE	BLEND	GROWTH	
22%		11%	LARGE CAP
9%	5%	8%	MEDIUM CAP
15%	10%	20%	SMALL CAP

Current Investment Style

Hidden or undervalued asset situation —

- ❖ Understated good will, real estate, inventory, or natural resource assets whose values should at some future date be recognized by the market.

Corporate earnings recovery and margin improvement situations —

- ❖ Confirmed turnaround recoveries, internal management bootstrap operations and recovering (oversold) cyclical industry opportunities.

Extremely undervalued securities whose P/E ratios do not reflect intrinsic value —

- ❖ Sound growth companies with enduring customer franchises whose market valuations are depressed because of market panic, negative company image, and/or short-term earnings problems.

Special situations: probable takeover, liquidation, or restructuring candidates. Undervalued opportunities reflecting a company with —

- ❖ Exceptional cash flow and/or free cash flow, often with undervalued assets.
- ❖ A significant gap between publicly traded valuation and private intrinsic value.
- ❖ Attractiveness dependent on regulatory and economic climates.

ECONOMIC OUTLOOK

The great bull market came to an end. The past few years have brought ideas such as Dow 36,000 and Qualcomm price targets of \$1,000. Investors have finally realized that the short lived new paradigm could not rationalize supporting a company trading at 200 times revenue, and that triple digit growth rates can never be sustained.

The still tight labor market and high energy prices have caused inflation fears to linger. Production of goods and services is slowing, but oddly the job market has remained tight. High oil prices, due to strong demand and short supply, remain part of the problem. Although oil does not have as much weight in the CPI and PPI as it did in the past, concern is warranted. Consumer spending may decrease as long as energy prices remain high. The latest reports, however, reflect spending staying strong, even with elevated energy prices. This may be due to a spending lag or consumer's belief that high prices are only temporary. Investors need to watch oil and energy prices carefully.

Despite these fears, recession, even more so than inflation, has been the word on the Street (Wall Street). Slower growth, together with a weak Euro and widening credit spreads, has created the perfect recipe for a recession. Higher interest rates have reduced corporate spending, slowing growth and profits. Furthermore, high oil prices will act as an added tax for some businesses, further reducing spending. Annual GDP growth, which peaked at 7.8% in the third quarter, is expected to fall back to the 2.5-3% range. Reductions in GDP estimates have been occurring daily, and a 2% or lower number is possible. The weak Euro currency has added insult to injury for companies having significant international exposure. Businesses that once received the U.S. dollar equivalent of \$1.25 for sales in European countries, when the Euro started trading, are now receiving approximately \$.85.

We entered this chapter of economic history with a number of grossly overpriced securities. In a speculative market, with uncertainties that include inflation, recession, tensions in the Middle East, and a deteriorating investor psychology from the above actors, is it any wonder we now find ourselves in the midst of a bear market? For the Roland George Investments Program, disciplined individual security selection has never been more imperative given the deteriorating macroeconomic factors that influence a portfolio. So when will these bears go back to hibernation?

Although fears of recession persist, we believe this outcome will not occur. At a definitively slower rate, productivity and growth will continue, which should cushion the fall and make a soft landing for the economy likely. This bear market should end when economic conditions stabilize, slower overall growth rates are discounted in the market, and multiples slightly above historical averages reappear. We believe that above average multiples are likely because Internet and recent technology breakthroughs have added permanent value to corporations. To date economic conditions remain uncertain, and multiples continue to be heavily inflated. The market is revaluing itself and in the long-term should only make it stronger. The Roland George Investments Program students look forward to the future, the decisions that need to be made, and the outcomes they will bring.

2000 Investment Style

VALUE	BLEND	GROWTH	
16%		12%	LARGE CAP
9%	4%	26%	MEDIUM CAP
7%	6%	20%	SMALL CAP

GROWTH PORTFOLIO UPDATE

After generating a 28% return for the year 2000, the George Investments Growth Portfolio has generated a 26.1% return for the twelve-month period ending May 31, 2001. The portfolio has outperformed its benchmark S&P 500 by 36.7% for this period. The S&P was down 10.6% for that period. The equity portfolio is invested among the different sectors in this fashion: Utilities 3.43%, Energy 15.17%, Financials 15.31%, Cyclical 7.38%, Durables 4.57%, Staples 8.10%, Services 32.13%, Retail 0%, Health 8.98%, and Technology 4.93%. The equity portfolio's best performers for the one-year period were Panera (PNRA) up 276.7%, Perkin Elmer (PKI) up 121.1%, and Phillip Morris (MO) up 142.9%. In addition, our energy investments continue to add to the portfolio's capital gains. Offsetting our gains for the period were losses in Gentex (GNTX) down 25.4%, Fox Broadcasting (FOX) down 34.5%, and Salton (SFP) down 44% (sold). By sector divisions, energy, consumer services, and consumer staples have performed the best. Technology has been the worst performing sector. We sustained only minimal losses in technology given that we sold two-thirds of our technology securities one year ago.

INCOME PORTFOLIO GOALS

After reviewing the Income Portfolio, coupled with economic and current analysis, the Spring 2001 George class decided on the following objectives for the Income Portfolio:

- ❖ Produce \$65,000 in current income
- ❖ Maximize total return subject to preservation of capital
- ❖ Employ only strategies that we understand, can control, and that have a high probability of success.
- ❖ Generate at least a five percent return from interest and dividends as well as a modest capital gain from rating upgrades and a higher market valuation of our REIT and Hi-Yield securities.
- ❖ Maintain sufficient liquidity within the portfolio to be able to aggressively pursue opportunities (any credit/yield inefficiencies that might occur in the marketplace).

ASSET ALLOCATION POLICY

- ❖ Ninety percent (90%) of our bonds will be investment grade.
- ❖ No more than 20% of the portfolio from any one issuer except for U. S. Government.
- ❖ No more than 10% of the portfolio from any non-U.S. issuers.
- ❖ We will never allocate more than 30% of the portfolio to "riding the yield curve".
- ❖ We will never allocate more than 20% of the portfolio to make a "bet" on an interest rate horizon.
- ❖ We will allocate up to 10% of the portfolio to hedging against dollar devaluation.

INCOME PORTFOLIO UPDATE

The George Fixed Income Portfolio generated an 11% return for the 12 months ending May 31, 2001. Our performance reflects recent gains in our longer duration corporate bond portfolio, overseas bonds held in a mutual fund, and a recovery in a high-yield preferred security. The portfolio has suffered capital losses from two high-yield issues over the past 18 months totaling \$26,000, approximately a 2% principal loss to the portfolio. We underperformed the Lipper Intermediate Grade Corporate Bond Index that generated a 12.2% return for the 12 months ending May 2001.

Our strategy reflects a belief that real rates for the longer duration treasuries will decline, and that while the economy will continue to be weak we do not expect a major decline in long-term interest rates.

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 only a select number of universities 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 Nylen, 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 was instrumental in guiding the students into the real world of investing with his knowledge and insight. He 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, Christopher Ma, and Frank Castle 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 \$2.5 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 twenty-one years.

ROLAND GEORGE INVESTMENTS PROGRAM VISITING PROFESSORS

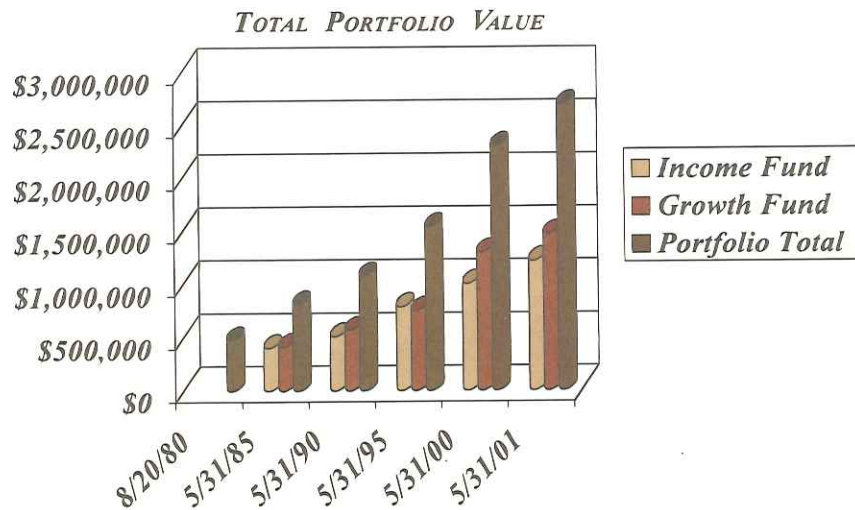
B. Carter Randall	1981
Gerald T. Kennedy	1982-87
B. Carter Randall	1988-91
Max Zavanelli	1991-94
Ned W. Schmidt, CFA	1994-97
Christopher K. Ma, Ph.D., CFA	1997-98
Frank G. Castle, CFA	1998-2001

DIRECTORS

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

PERFORMANCE

APPENDIX A SUMMARY OF TWENTY-ONE YEAR PERFORMANCE 5/31/2001



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 ^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	972,446
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 ^b
5/31/94	779,942	775,785	1,555,727 ^b
5/31/95	790,106	749,717	1,539,823 ^b
5/31/96	792,512	882,426	1,674,938 ^b
5/31/97	798,163	904,564	1,702,727 ^b
5/31/98	1,027,786	975,195	2,002,981 ^b
5/31/99	1,021,160	1,113,886	2,135,046 ^b
5/31/00	1,004,273	1,298,380	2,302,653 ^b
5/31/01	1,218,729	1,468,381	2,687,110 ^b

^a - Includes subsequent gift of \$ 86,792 in February 1982

^b - Program expenses deducted after the end of the fiscal year

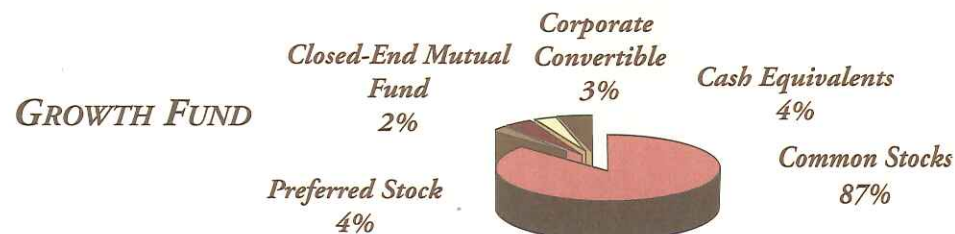
In establishing the Growth and Income funds, the charter establishing the Roland George Investments Fund set an asset allocation of fifty percent to the Growth Fund and fifty percent to the Income Fund. Therefore, funds are periodically transferred between funds to keep that balance.

PORTFOLIO ASSETS

APPENDIX B
GROWTH FUND
5/31/2001

SHARES		COST	MARKET
COMMON STOCKS			
2,300	AT&T Corporation	\$ 50,679	\$ 48,691
2,500	AT&T Corporation Liberty Media-a	32,635	42,125
600	Anadarko Petroleum Corporation	36,520	37,566
25	Berkshire Hathaway, Inc.	42,620	56,800
2,000	Boston Beer Company	14,860	19,800
863	Cox Communications, Inc.	21,562	37,325
1,400	ENSCO International, Inc.	19,680	45,094
1,000	Electro Scientific Industries, Inc.	14,030	36,760
3,000	Exponent, Inc.	34,080	35,700
7,000	Fisher Imaging Corporation	32,720	42,700
1,500	Fox Entertainment Group, Inc.	36,085	39,150
3,000	Frequency Electronics, Inc.	34,285	47,700
400	General Dynamics Corporation	19,771	31,008
2,000	Gentex Corporation	10,650	62,600
1,600	Global Marine, Inc.	19,490	41,040
700	Halliburton Company	28,395	32,718
5,000	Inforte Corporation	41,360	51,100
1,500	MBIA, Inc.	46,998	79,125
7,500	MFC Bancorp, Limited	60,360	64,725
2,000	MGM Mirage, Inc.	41,360	62,880
1,400	Nisource, Inc.	31,018	43,820
3,000	Panera Bread Company	21,270	110,310
3,000	Paxson Communications Corporation	26,770	37,200
1,500	Philip Morris Companies, Inc.	35,991	77,115
1,000	Raytheon Company	29,040	29,770
1,500	Sawtek, Inc.	28,866	29,925
6,000	Thoratec Corporation	46,828	65,400
4,000	Topps, Inc.	40,255	39,800
	TOTAL COMMON STOCKS	\$ 898,176	\$ 1,347,947

SHARES		COST	MARKET
CLOSED-END MUTUAL FUND			
1,400	INVESCO Global Health Science Fund	22,567	21,539
	TOTAL CLOSED-END MUTUAL FUND	\$ 22,567	\$ 21,539
PREFERRED STOCK			
170	Global Crossing, Ltd. 6.75% 4/15/2012	40,606	25,946
	TOTAL PREFERRED STOCK	\$ 40,606	\$ 25,946
CORPORATE CONVERTIBLE			
30	Parker Drilling Series 5.5% 8/1/2004-2001	27,348	27,300
	TOTAL CORPORATE CONVERTIBLE	\$ 27,348	\$ 27,300
	TOTAL SECURITIES	\$ 988,697	\$ 1,422,732
	TOTAL CASH EQUIVALENTS	\$ 45,649	\$ 45,649
	TOTAL GROWTH FUND ASSETS	\$ 1,034,347	\$ 1,468,381

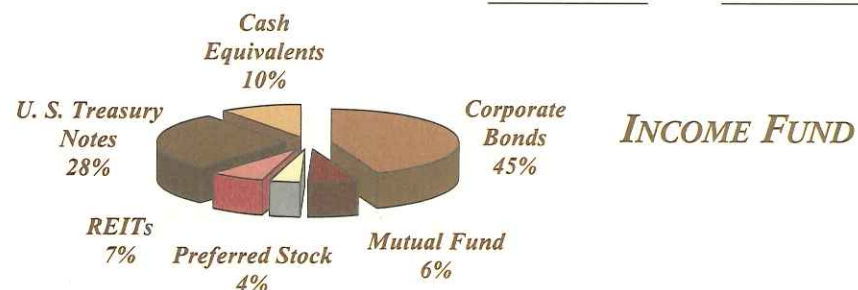


APPENDIX B (CONT.)
INCOME FUND
5/31/2001

UNITS		COST	MARKET
CORPORATE BONDS			
100	Bell Atlantic 5.88% 2/1/2004	\$ 93,510	\$ 101,183
40	Coeur D Alene Mines 7.25% 10/31/2005-2000	24,108	16,400
100	Hersheys Foods 6.95% 3/1/2007	99,385	104,832
100	Lehman Brothers 6.63% 2/15/2008	102,406	98,696
40	MFC Bancorp 8.00% 4/1/2008	32,110	40,000
100	Nationsbank 6.60% 5/15/2010	101,946	98,128
100	International Paper 6.88% 11/1/2023	100,510	89,405
	TOTAL CORPORATE BONDS	\$ 553,975	\$ 548,644
US TREASURY NOTES			
50	U.S. Treasury Inflation Protection Securities "TIPS" 4.25% 1/15/2010	53,384	51,724
100	U.S. Treasury Inflation Protection Securities "TIPS" 3.50% 1/15/2011	103,612	101,875
150	U.S. Treasury Note 5% 2/15/2011	144,998	145,454
50	U.S. Treasury Inflation Protection Securities "TIPS" 3.63% 4/15/2028	56,061	56,079
	TOTAL U.S. TREASURY NOTES	\$ 358,055	\$ 355,131

PORTFOLIO ASSETS

UNITS	COST	MARKET
MUTUAL FUND – FIXED INCOME		
12,000 Templeton Global Income	80,850	75,600
TOTAL MUTUAL FUNDS – FIXED INCOME	\$ 80,850	\$ 75,600
PREFERRED STOCK		
500 Globalstar Telecommunications 8.00% 2/15/2011	21,295	438
1,000 Metromedia Intl Group 7.25%	27,560	15,750
TOTAL PREFERRED STOCK	\$ 48,855	\$ 16,188
REAL ESTATE INVESTMENT TRUSTS		
2,000 Crescent Real Estate Equities	45,110	48,840
1,500 First INDL Realty Trust, Inc.	42,054	46,875
TOTAL REIT'S	\$ 87,164	\$ 95,715
COMMON STOCK		
82 Globalstar Telecommunications	203	35
TOTAL COMMON STOCK	\$ 203	\$ 35
TOTAL INCOME INSTRUMENTS	\$ 1,129,102	\$ 1,091,313
TOTAL CASH EQUIVALENTS	\$ 127,416	\$ 127,416
TOTAL INCOME FUND ASSETS	\$ 1,256,518	\$ 1,218,729
TOTAL PORTFOLIO ASSETS	\$ 2,290,865	\$ 2,687,110



TRANSACTIONS

APPENDIX C SALES



2000-2001 Class

(Left to right)

First Row: Ryan Edelman, Katie Norsen Alday, Peter Heise,
Michelle Dass, Christopher Manning

Second Row: Nicholas Burwell, Nodyr Tilavoldiev,
Shukhrat Abdullaev, William Gardinier

Third Row: Brian Rachwalski, Jeff Fischer,
Michael Peloso, Jon Hartl

Back Row: Jack White, Max Vezelovskiy,
Graham Forum, Sidney Taylor, Jeremy Adams

UNITS		SALES PRICE	NET COST	PROFIT [LOSS]
GROWTH FUND				
200	Beckman Coulter, Inc.	\$ 14,729	\$ 7,771	\$ 6,958
3,000	Biomet, Inc.	103,337	34,360	68,977
1,000	FedEx Corporation	41,339	32,233	9,106
300	Great Lakes Chemical	9,245	13,201	[3,956]
600	Micron Technology, Inc.	25,153	8,911	16,242
2,500	Panera Bread Company	69,228	16,763	52,465
1,000	PerkinElmer, Inc.	98,781	31,185	67,596
1,500	Plains Resources, Inc.	35,034	25,585	9,449
1,200	Pre-Paid Legal Services, Inc.	24,274	36,745	[12,471]
4,000	Quorum Health Group, Inc.	58,894	36,220	22,674
1,000	Salton, Inc.	15,807	43,810	[28,003]
1,200	Walt Disney Company	34,504	33,520	984
TOTAL GROWTH FUND SALES		\$ 530,325	\$ 320,304	\$ 210,021
INCOME FUND — REDEMPTIONS				
40	Coastal Corporation 10.375% 10/01/2000	\$ 40,000	\$ 42,230	\$ [2,230]
100	Walt Disney Company Global Bond Series 6.375% 03/30/2001	100,000	98,561	1,439
50	IBM Corporation, NTS 6.375% 06/15/2000	50,000	48,375	1,626
TOTAL INCOME FUND REDEMPTIONS		\$ 190,000	\$ 189,166	\$ 834
TOTAL PORTFOLIO SALES & REDEMPTIONS		\$ 720,325	\$ 509,470	\$ 210,855

APPENDIX C (CONT.)
PURCHASES

UNITS		COST
GROWTH FUND		
30	Parker Drilling Series 5.5% 08/01/2004-2001	\$ 27,348
2,300	AT&T Corporation	50,679
2,500	AT&T Corporation Liberty Media-A	32,635
600	Anadarko Petroleum Corporation	36,520
3,000	Exponent, Inc.	34,080
7,000	Fischer Imaging Corporation	32,720
5,000	Inforte Corporation	41,360
7,500	MFC Bancorp, Limited	60,360
1,000	Raytheon Company	29,040
1,500	Sawtek, Inc.	28,866
3,000	Thoratec Corporation	23,980
4,000	Topps, Inc.	40,255
	TOTAL GROWTH FUND PURCHASES	\$ 437,843
INCOME FUND		
50	U. S. Treasury TIPS 3.625% 04/15/2028	56,061
100	U. S. Treasury TIPS 3.5% 1/15/2011	103,612
150	U. S. Treasury TIPS 5% 02/15/2011	144,998
	TOTAL INCOME FUND PURCHASES	\$ 304,671
	TOTAL PORTFOLIO PURCHASES	\$ 742,514

TRANSACTIONS



“ . . . seeking value with a margin of safety proved again to be a sound long-term strategy.”

STATEMENT OF OPERATIONS

APPENDIX D
JUNE 1, 2000 - MAY 31, 2001

Income:			
Dividends		\$	35,474
Interest			65,636
			<u>\$ 101,110</u>
Expenses:			
Custodial Fees	\$	4,982	
Administrative Expenses		50,294 ^a	
			<u>\$ 55,276</u>
Net Investment Income:			<u>\$ 45,834</u>
Realized Gain [Loss] on Investments:			
Proceeds from Securities Sold	\$	720,325	
Cost of Securities Sold		509,470	
			<u>\$ 210,855</u>
Net Decrease in Unrealized Appreciation on Investments:			
Market Value of Holdings	\$	2,687,110	
Cost of Holdings		2,290,865	
			<u>\$ 396,245</u>
			<u>264,856</u>
			<u>\$ 131,389</u>
Increase [Decrease] in Net Unrealized Appreciation			<u>\$ 131,389</u>
Net Realized Gain [Loss] and Increase [Decrease] in Net Unrealized Appreciation:			<u>\$ 342,244</u>
Net Increase in Assets Resulting from Operations:			<u>\$ 388,078</u>

^a 2000-2001 administrative expenses deducted after May 31, 2001.

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.
BRYANT, CHARLES L.	Equity Analyst, Kennedy Capital Management, St. Louis, MO. Stetson graduate and Roland George Investments Program Merit Scholar (BBA 1995). 2000.
BRUCE, BRIAN R.	President and CEO, Bruce Global Management, Dallas, TX. 1998-1999.
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.
GARNISH, JOHN F., CFA	Principal, Manager of Fixed Income Investments, Segall Bryant & Hamill Investment Counsel, Chicago, IL. 1998.
HALABURT, THOMAS L.	TBA Business Group Leader, Hewitt Associates, Atlanta, GA. 1999.
HARDIN, DAVID R.	Principal, Fixed Income Group, Barrow, Hanley, Mewhinney & Strauss, Inc., Dallas, TX. 1995-1996.
HUGHES, JAMES A., JR.	President and Partner, V ⁴ , Inc., Orlando, FL. Stetson graduate and Roland George Investments Program Merit Scholar (BBA 1991). 1999.
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.

PROGRAM LECTURERS

APPENDIX E (CONT.)
1996-2001

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. 1982–1999.
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.
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.
RUPP, CHRISTOPHER A., CFA	Vice President of Communications & Technology Equity Research, Wachovia Securities, Inc., Atlanta, GA. Stetson graduate (BBA 1993). 1999.
SCHUMACHER, ROBERT	Vice-President, First Capital Group, FirstUnion National Bank, Jacksonville, FL. 1990–2001.
SERIO, MICHAEL J., CFA	Senior Portfolio Manager, Segall Bryant & Hamill Investment Counsel, Chicago, IL. 1998.
STOVALL, ROBERT, CFA	Senior Vice President, Prudential Securities, Inc., New York, NY; formerly President of Stovall Twenty-First Advisors, Inc.; CPA; panelist on PBS television's "Wall Street Week"; and columnist for <u>Financial World</u> magazine. 1989–2001.
TESH, KURT J., JR., CFA	Consultant, Capital Resource Advisors, Atlanta, GA. Stetson graduate and Roland George Investments Program Merit Scholar (BBA 1984). 2001.
ZAVANELLI, MAX	President, Zavanelli Portfolio Research, Inc.; 1991–1994 Roland and Sarah George Visiting Professor of Applied Investments. 1983–1986, 1991–1999.

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