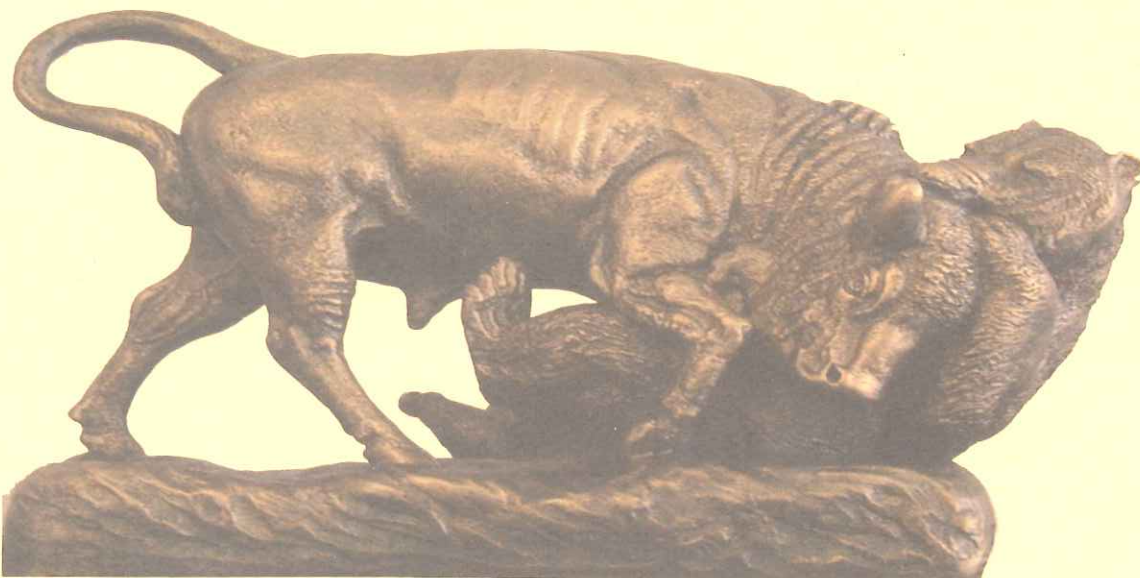


2001–2002
Annual Report

ROLAND GEORGE
INVESTMENTS PROGRAM



2002 NATIONAL "VALUE" PORTFOLIO CHAMPIONS

EUGENE M. AND CHRISTINE LYNN BUSINESS CENTER



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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SEEKING VALUE WITH A MARGIN OF SAFETY

With many investors losing confidence in U. S. equity markets, students in the Roland George Investments Program found that adhering to sound investment principles provided them with protection in this bear market. The students' approach of seeking value with a margin of safety proved again to be a sound game plan. In February the George students again received recognition for their portfolio returns and overall strategy at the University of Dayton's RISE Symposium.

At the second annual RISE student portfolio competition Stetson University took first place for the second year in a row. This year the win came as the 2002 National "Value" Portfolio Champions. The equity portfolio return of 20% for the twelve months ending November 2001 far outdistanced the S&P 500 loss of 12%. Five students from the George Program went to New York to open NASDAQ trading. One student, Jeff Hamrick, was interviewed on CNBC's Squawkbox.

Success for this year's repeat victory belongs to the current students but also previous classes that helped construct the overall portfolio. Professor K. C. Ma's guidance and mentoring of the class helped them to advance their investment skills. Presenting the George Program's equity strategy in Dayton, Ohio were Jeff Hamrick, Laurie Harlan, David O'Regan, Robert Pile, and Todd Tarrance. Dr. Ma, students in the program, and finance department faculty worked with the presentation team to create an effective presentation to present to the professional money managers who served as judges. Professor Larry Belcher accompanied this year's team to Dayton and New York.

Strong portfolio performance continued through May 31st. Assets under management by the George stu-

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

dents grew \$113,000 to \$2.8 million. In addition the fund provided for \$79,000 in Program expenses. \$20,000 of program expenses was used to equip the new trading room in the newly renovated Lynn Business Center.

Overall the fund advanced by 5.7% before expenses. Comprising this performance was a 4.3% gain in the Growth Fund and a 7.1% gain in the Income Fund. The growth fund handily outpaced its benchmarks. For example, the S&P 500 index declined 15.2%. The Income fund came close to the Lipper Intermediate Bond Index return of 7.5%.

Professor James Mallett resigned as director of the George Investments Institute. This change will be effective as of the fall 2002 semester. Dr. Mallett served as the director of the Roland George Investments Program since 1985 and was the founding director of the Roland and Sarah George Investments Institute. During his tenure as director, Stetson University has received national recognition in applied investments education with the founding of the Association of Student Managed Investment Programs and winning two consecutive national titles at the RISE competition.

We are pleased to announce that Professor Larry Belcher will be the new director of the George Investments Institute. Dr. Belcher is the department chair of the finance department. We welcome Professor Belcher to his new role and look forward to his guidance of the Roland George Investments Program.



MERIT SCHOLARS - 2001-2002

*Left to right:
Nick Burwell, Jeff Hamrick,
Laurie Harlan, David O'Regan,
Morgan Pile, Tyler Pullen,
Todd Tarrance and
Jayme Wiggins*





Todd Tarrance, Morgan Pile, David O'Regan, Jeff Hamrick, Laurie Harlan, and Prof. Larry Belcher participate in the "opening bell" at NASDAQ in New York City, Monday, April 15, 2002.

RISE Competition —

STETSON -"VALUE" CHAMPS = 20.4%

PURDUE -GROWTH CHAMPS = 51.2%

MICHIGAN TECH -BLEND CHAMPS = 7.27%

S & P 500 DOWN 11%

NASDAQ DOWN 25.64%

"STUDENT STOCK-PICKERS, SMART STRATEGIES"

March 8, 2002 (excerpt)

BusinessWeek — BARKER.ONLINE

By Robert Barker

An intercollegiate portfolio-management contest's winners crafted specific plans - and stuck with them. Among the very best stock-pickers profiled in this column in 2001 was a bunch of - get this - students from Stetson University in Florida. They had won the University of Dayton's portfolio management contest and offered BusinessWeek Online readers tips on such picks as MFC Bancorp (MXBIF), trading-card company Topps (TOPP), and the bakery-café chain Panera Bread (PNRA). Each went on to register fat gains (see BW Online, 4/27/01, "Savvy Investors with the Wisdom of Youth"). When it comes to stock picking, the winners of an intercollegiate contest could teach some old hands a thing or two.

So I was all ears a few days ago to find out who won this year's contest, concluded on Feb. 21-22 in Dayton, Ohio. Among the 375 students representing 61 universities, Stetson's team repeated as winners. This year, the school took honors in the value-investing category, while teams from Michigan Tech and Purdue won the blend (that's a mix of value and growth styles) and growth categories, respectively. Each of the competing teams ran "live" portfolios with real money.

What do the students like now? Stetson's Jeff Hamrick told me his current favorite is Misonix (MSON), a Farmingdale (N.Y.) maker of ultrasonic medical devices and laboratory safety gear. It's a small company - sales last year came to less than \$30 million - with a market cap of just under \$43 million. At a recent price of \$7 a share, it's well below its 52-week high of \$10.25.

DELAND -While most of the recent news about the U.S. stock exchanges has been of the gloom-and-doom variety, some business majors at Stetson University have much to crow about.

The 15 or so students in the Roland George Investments Program have posted a 20.4 percent return on their portfolio over the 12 months ending Nov. 30. In contrast, the benchmark Standard & Poor's 500 Index fell by more than 13 percent over the same period, said Dr. Jim Mallett, the institute's director.

It's the second straight year students at the institute have outperformed the S&P. A year ago, their portfolio posted a gain of 37 percent, compared to the S&P 500's drop of 11 percent. Mallett said he's proud of the students. The class trailed the market in the late 1990s because of the boom in tech stocks and the student traders couldn't justify investing in them. "The last couple of years have been a vindication, of sorts," Mallett said.

David O'Regan, one of the seniors in the class, said the stellar results should be credited to professors and students in previous classes. "We were just building on past successes," the native of Dublin, Ireland, said. "It wasn't anything we did."

The Roland George Investments Program was started in 1980, when Sarah George endowed it with a \$568,000 given in memory of her late husband. Since then, the total market value of the Roland George Equity Portfolio and the Roland George Income Portfolio has grown to about \$2.7 million.

This year's instructor on the program's core courses, Dr. K.C. Ma, said the students didn't worry about investing in particular market sectors. Instead, they chose to invest in the best stocks available. "This requires hard work because they have to investigate each company, one at a time, the old-fashioned way," Ma said. (continued on page 7)

LECTURERS

2001 — 2002

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

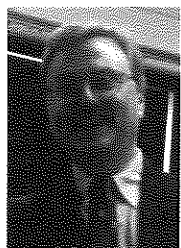
— FACULTY —

K. C. Ma, Ph.D., CFA
George Professor of
Applied Investments



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

— GUEST SPEAKERS —



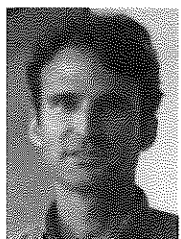
Brian R. Bruce
Director of Global
Investments,
PanAgora Asset
Management,
Sudbury, MA
Spring 2002



**Charles L. Bryant,
CFA**
Equity Analyst
Kennedy Capital
Management, Inc.,
St. Louis, MO
Fall 2001



Frank G. Castle, CFA
Andover Research/
Castle Asset
Management,
Andover, MA
Fall 2001



Timothy Hayes, CMT
Global Equity Strategist,
Ned Davis Research,
Inc., Sarasota, FL
Fall 2001



Robert C. Schumacher
Evergreen Institutional
Asset Management
Jacksonville, FL
Spring 2002



Michael J. Serio, CFA
Senior Vice President,
Stein Roe
Investment Counsel,
Chicago, IL
Spring 2002



Robert H. Stovall, CFA
Senior Vice President and
Market Strategist
Prudential Securities, Inc.
New York, NY
Spring 2002

(not pictured)

Craig Yoder
Performance Analyst
Brinson Partners, Chicago, IL
Fall 2001

GROWTH PORTFOLIO GOALS

We seek to:

- ❖ Identify undervalued equity investments with superior growth prospects and to register returns exceeding a comparable market benchmark over a one-year time horizon.
- ❖ Enhance the quality of our portfolio by purchasing companies with strong fundamentals, compelling business models, and shareholder-oriented management.
- ❖ Mitigate our risk by investing in a diverse set of businesses, favoring those companies with low volatility relative to a market index (beta). Portfolio allocations will reflect our perceptions of attractive and unattractive industries.

GROWTH PORTFOLIO STRATEGIES

Securities within the portfolio belong to one of the following style categories, arranged by company size and value/growth characteristics.

| VALUE | BLEND | GROWTH | |
|-------|-------|--------|-----------|
| 24% | 6% | 5% | LARGE CAP |
| 7% | | 12% | MID CAP |
| 15% | 17% | 14% | SMALL CAP |

- ❖ Larger enterprises that have demonstrated past success and possess a competitive advantage.

Cash flow machines (MO, BRK.B) —

- ❖ Generate steady and growing cash flows in excess of operating needs.
- ❖ Occasionally penalized for temporarily unfavorable conditions.
- ❖ Enduring business models.

GROWTH PORTFOLIO UPDATE

For the twelve-month period ending May 31, the George Investments Growth Portfolio returned 20.4%, outperforming the S&P 500 benchmark by over 33%. The S&P fell 13% over this period. This compares to a 2000-2001 return of 35%, which also bested the S&P by a huge margin. For two consecutive years, the portfolio has delivered phenomenal performance while the overall market has declined. This accomplishment is magnified on a risk-adjusted basis, since members of the portfolio are generally less volatile than the market. Currently, the sector allocation of the equity portfolio is: Utilities 6.05%, Energy 7.40%,

Current Investment Style

We focus on identifying securities trading at a substantial discount to their intrinsic value. These investments are found through extensive research involving the aggregation of data from numerous financial information services as well as direct discussions with company management. Typically, purchased securities fit one of the following classifications:

Undiscovered gems (FIMG, INFY, MIMS, MSON, RMCF) —

- ❖ Low market capitalization, minimal institutional ownership, little or no analyst coverage, niche product or service, improving profitability, and possess a catalyst for rapid growth.

Cyclical plays (Energy, Defense, Retail stocks) —

- ❖ Well-positioned to benefit from projected trends in the business cycle or other external factors related to the industry.

Financials 22.45%, Cyclical 11.32%, Durables 8.60%, Staples 12.16%, Services 16.09%, Retail 1.19%, Health 9.22%, and Technology 5.52%. The portfolio is overweighted in utilities and financials and underweighted in retail and technology, relative to the benchmark portfolio. In anticipation of the impending recession, we increased our exposure to industries which outperform in a sluggish economic environment and limited investments in economically sensitive sectors. Our aversion to overpriced large capitalization technology stocks is responsible for a large portion of the portfolio's relative outperformance.

Top performers for 2001 were Fischer Imaging (FIMG) up 195.01%, MIMS (MIMS) up 74.5%, Panera Bread (PNRA) up 87.1%, and Thoratec (THOR) up 67.9%. Conversely, the largest losing positions were AT&T (T) down 21.8%, Global Crossing (GBL) down 99.9%, Haliburton (HAL) down 38.3%, and TriQuint Semiconductor (TQNT) down 42%. Companies in the health and financial sectors had the highest returns, while energy, technology, and service concerns (with the exception of Panera) were hardest hit. We were not able to predict

the severity of the telecommunications fallout, resulting in large losses for the portfolio from companies such as the now defunct Global Crossing. Nevertheless, by devoting considerable time and effort to uncovering a handful of nascent health treasures, like Fischer and Thoratec, we easily compensated for our strategic mishaps. Looking forward, we feel that the best investment opportunities are available among companies of small to medium size, particularly those with value prices and growth potential. We are gradually repositioning our portfolio to reflect this belief.

by: Jayme Wiggins

2001 Investment Style

| VALUE | BLEND | GROWTH | |
|-------|-------|--------|-----------|
| 22% | | 8% | LARGE CAP |
| 9% | 5% | 11% | MID CAP |
| 15% | 10% | 20% | SMALL CAP |

INCOME POLICY STRATEGY

2001 was a good year for bonds. The combination of investors looking for safer investments in the wake of the dot com meltdown and the Federal Reserve's multiple interest rate cuts helped bonds to significantly outperform stocks this past year.

However, the macroeconomic conditions of early 2002 are quite different from those of early 2001. Interest rates are currently at 40-year lows. The prospect of a swift economic recovery that would re-invigorate the public's interest in stocks looms on the horizon, prompting the 2002 George Fixed Income class to review its investment objectives to ensure that they were consistent with future forecasted macroeconomic conditions. The class felt that there would be a general upward trend in interest rates over the next 12-18 months, because of increased inflationary pressures placed on the economy during its forecasted late 2002 recovery, and also because sometime in the next 12-18 months the Federal Reserve will move to take back the 75 basis point "gift cuts" made to ensure economic stability after the September 11th crisis.

Given its forecast for rising interest rates and an improving economy, the class decided on "bulleting" our portfolio around mid-duration bonds, allowing us to "ride" the steepest part of the yield curve. In order to ensure a bulleted structure, the class decided that it wanted the portfolio to consist of securities with durations no less than 4, and no greater than 7, which would position our portfolio on the steeper sections of the yield curve.

Also, because the class agreed that the U.S. economy may have seen the worst part of the 2001 recession, and that an economic rebound is imminent in late 2002/early 2003, it decided that it would be a good idea to assume slightly more credit risk, since the additional credit risk would be more likely to help than hurt overall portfolio return in the event of an improving economy. Consequently, the class decided to zero in on bonds with credit ratings ranging between BBB and AA, excluding overly conservative AAA bonds and excessively risky sub BBB bonds.

Finally, after defining the selection criteria for proposed additions to the portfolio, the class needed to decide on an overall investment objective — an objective that would guide the way that it would look at its prospective new bond portfolio. When constructing a bond portfolio, there are generally four overall strategy options: maximize current income, maximize capital gains, maximize total return, and preserve capital. Given the class' overall macroeconomic predictions and the "hands-on learning" that the George Program is intended to provide, only one of the four overall objectives made sense, maximizing total return.

Few bonds will post significant capital gains in a market with rising interest rates, and the class' small universe of odd lot bonds makes finding and purchasing such bonds next to impossible. Maximizing current income is a relatively shortsighted goal, usually reserved for retirees living off of their investment income. This option also did not fit well with the program's educational focus, as it would limit bond analysis to picking securities with the highest coupon. Similarly, preserving capital seemed sub-optimal because although it would be an acceptable strategy in a rising interest rate environment, it did not fit the program's "educational" objective, as it would limit analysis to short-term securities with very high ratings.

Maximizing total return allows the class to take a more holistic approach to selecting bonds, forcing students to balance out the proposed coupon and capital appreciation/losses of each bond in order to find profitable swap situations. Most importantly, it also fits with the program's "educational" objectives by allowing more active management of the overall bond portfolio — providing a more realistic "learning-by-doing" experience.

by Brian Smith

Last April seems much longer than twelve months ago. In this short period, we dipped into one of the country's mildest recessions ever; we witnessed eleven rate cuts by the Fed only to finish at a 40-year low; we had to pick up the pieces from suffering our country's worst act of terrorism; we went to war in Afghanistan; and, now we are left guessing which corporation will come under SEC investigation next! All in all it was an eventful year — so what do the next twelve months hold for us?

In response to weakened financial demand and suppressed profit levels, businesses were universally forced to cut investment spending along with personnel. As job losses began to mount and sales dwindled last summer, a relatively common problem was quickly transformed into an unimaginable challenge after September 11th. As the Fed continued to aggressively cut rates in fear of a liquidity crunch, many industries such as travel and entertainment took serious hits after consumer confidence fell hard. Surprisingly, consumer spending remained strong, which was helped largely by low mortgage rates and stimulus packages offered by car makers. Expecting worst levels of demand, many businesses restrained production levels; but when household spending remained strong, inventory levels were nearly liquidated in some cases.

More recently, some very encouraging signs have begun to appear. Job losses have slowed considerably, consumer spending has remained steady, and new orders for capital spending have hinted towards a bottom of the investment cutback. Of course, a recovery in production is dependent on demand; but last year's inventory runoff has left sales' levels higher than current production output providing an obvious need. In addition to the second installment of personal income tax cuts, increases in government spending on defense and homeland security should provide additional stimulus. One very attractive non-inflationary stimulus that began last year is the continuation of private sector increased productivity, stemming mostly from higher levels of applicable technology.

Ignoring the long list of positives, some hurdles still stand in front of a recovery. With this almost unabated level of household spending there does not seem to be any sign of substantial growth pending, which would strengthen a recovery. Instead, the fear is that this level could drop as the decline in household's net worth from a suppressed and skeptical market is realized. It is also important to note that the early signs of growth in capital spending have occurred without the development of spending on certain types, most notably communications equipment.

Just as the date of this recovery had been pushed back, the new and more difficult question is how strong will it be? Most are in agreement that the pace of the expansion will be moderate, and an optimistic Board of Governors recently forecasted real GDP growth to reach 2½% to 3% for this

calendar year. Expecting no immediate fall in the unemployment rate, the Governors estimated it to finish around 6%. With regards to inflation, estimates are stable; but mild threats do exist. Expected to be absent this year is last year's energy price fall, which canceled out other increases. The political climate in the Middle East would not be missed, and the drought-related food price increases have and will continue to drive aggregate levels upwards.

by Tyler Pullen

“STETSON INVESTMENT STUDENTS EXTEND PROFIT STREAK”

(continued from page 3)

“It's fundamental investing at its very core,” said Jeff Hamrick, a senior from Tampa. O'Regan said the student investors — who usually work independently, rather than as a group — try to keep things as simple as possible. “The key is to look into companies we understand, so there are no tech stocks,” he said. “When we make a mistake, it's a real loss. And we have had some expensive mistakes.”

Laurie Harlan, a senior from Orlando, said every stock purchase or sale has to be approved by a committee of student trustees and faculty members. “Our strategy was to follow under-followed and undervalued, but solid, companies with high growth,” Harlan said. “It's not the ones you see or hear about.”

“Our portfolio is pretty well-balanced, so we get growth in our balance sheets,” said Todd Tarrance, a senior from Atlanta.

Participants this year acquired firms such as transportation services company Arkansas Best Corp.; insurance provider Brown & Brown; pharmaceutical health care company MIMS Corp.; Perry Ellis International, a casual-wear manufacturer; Fossil, Inc., an apparel-and-accessories retailer; footwear maker Skechers USA; medical technology firm Misonix; software maker Citrix Systems; energy company Exelon Corp.; and telecommunications company WorldCom Group.

They cut back or eliminated holdings in cafe franchiser Panera Bread Co.; hotel-and-casino operator MGM Mirage; Haliburton Company, an oil-and-energy producer; confectionary maker Topps; AT&T; biotech companies Thoratec and Fischer Imaging; and broadcasters Paxson Communication and Fox Entertainment Group.

Not every pick was a winner, however. The portfolio included Global Crossing, a telecom that recently went bankrupt.

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 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 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 \$2.8 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-two 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 |
| Christopher K. Ma, Ph.D., CFA | 2002 |

DIRECTORS

| | |
|----------------------------|---------|
| Kenneth L. Jackson | 1980-81 |
| G. Michael Boyd, Ph.D. | 1982-84 |
| James E. Mallett, Ph.D. | 1985-02 |
| Lawrence J. Belcher, Ph.D. | 2002 |

APPENDIX A
SUMMARY OF TWENTY-TWO YEAR PERFORMANCE
5/31/2002

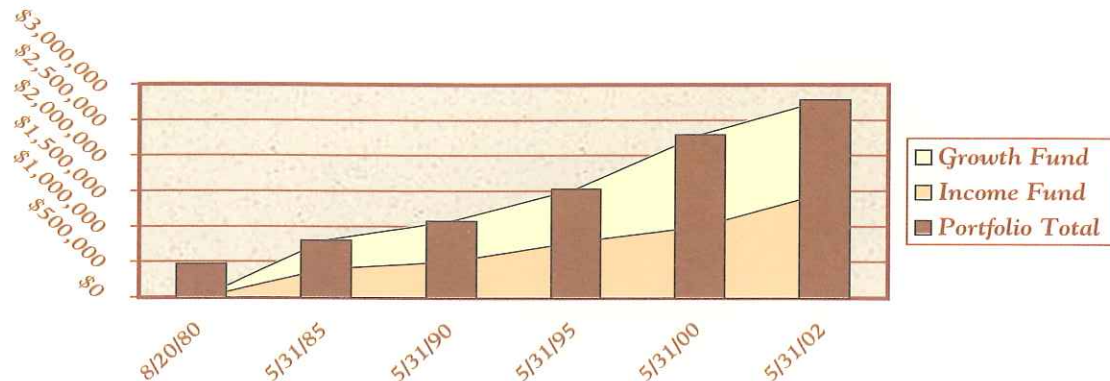
| DATE | INCOME | GROWTH | TOTAL |
|---------|------------|------------------|------------------------|
| 8/20/80 | | **initial gift** | \$ 481,499 |
| 5/31/81 | \$ 233,722 | \$ 297,354 | 531,076 |
| 5/31/82 | 337,559 | 264,303 | 601,862 ^a |
| 5/31/83 | 374,161 | 407,186 | 781,347 |
| 5/31/84 | 344,588 | 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 |
| 5/31/02 | 1,319,005 | 1,482,064 | 2,801,069 ^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.

TOTAL PORTFOLIO VALUE

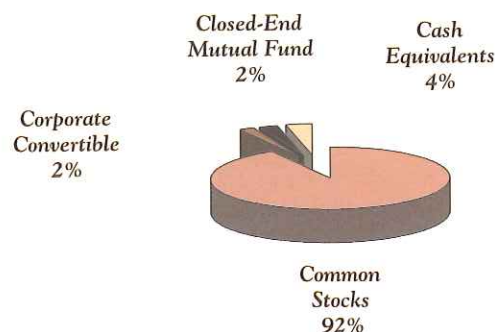


PORTFOLIO ASSETS

APPENDIX B
INCOME FUND
5/31/2002

| SHARES | | COST | MARKET |
|-------------------------------|---|---------------------|--------------------|
| COMMON STOCKS | | | |
| 4,000 | American National Finacial, Inc. | \$ 41,610 | \$ 57,160 |
| 600 | Anadarko Petroleum Corporation | 36,520 | 30,450 |
| 2,000 | Arkansas Petroleum Corporation | 46,200 | 49,300 |
| 25 | Berkshire Hathaway, Inc. | 42,620 | 61,800 |
| 2,000 | Boston Beer Company | 14,860 | 32,980 |
| 2,000 | Brown & Brown, Inc. | 60,015 | 71,300 |
| 6,000 | Chicago Pizza & Brewery, Inc. | 42,532 | 49,200 |
| 863 | Cox Communications, Inc. | 21,658 | 29,031 |
| 1,400 | ENSCO International, Inc. | 19,680 | 45,850 |
| 1,000 | Exelon Corporation | 44,110 | 53,490 |
| 3,000 | Exponent, Inc. | 34,080 | 38,400 |
| 4,000 | Fisher Imaging Corporation | 18,697 | 40,600 |
| 2,000 | Fossil, Inc. | 40,390 | 61,920 |
| 3,000 | Frequency Electronics, Inc. | 34,285 | 33,750 |
| 400 | General Dynamics Corporation | 19,771 | 40,240 |
| 2,000 | Gentex Corporation | 10,719 | 61,860 |
| 1,064 | Global Santa Fe Corporation | 19,490 | 35,910 |
| 8,000 | Infinity, Inc. | 42,230 | 68,000 |
| 2,500 | Liberty Media Corporation-A | 32,635 | 30,125 |
| 1,500 | MBIA, Inc. | 46,998 | 84,165 |
| 7,500 | MFC Bancorp, Limited | 60,360 | 73,725 |
| 2,000 | MIMS Corporation | 20,520 | 21,680 |
| 5,000 | Misonix, Inc. | 43,370 | 34,500 |
| 1,400 | Nisource, Inc. | 31,018 | 33,922 |
| 2,000 | Perry Ellis International | 16,041 | 33,400 |
| 1,500 | Philip Morris Companies, Inc. | 35,991 | 85,875 |
| 1,000 | Raytheon Company | 29,040 | 44,200 |
| 4,000 | Rocky Mountain Chocolate Factory, Inc. | 58,791 | 44,953 |
| 3,000 | Thoratec Corporation | 23,414 | 28,530 |
| 1,726 | Triquint Semiconductor, Inc. | 28,865 | 15,534 |
| 1,000 | WorldCom, Inc. | 14,520 | 1,660 |
| | Total Common Stocks | \$ 1,031,030 | \$1,393,510 |
| CLOSED-END MUTUAL FUND | | | |
| 1,400 | INVESCO Advantage Global Health Sciences Fund | 22,568 | 18,620 |
| | Total Closed-End Mutual Fund | \$ 22,568 | \$ 18,620 |
| CORPORATE CONVERTIBLE | | | |
| 30 | Parker Drilling Series 5.5% 8/1/2004-2001 | 27,348 | 27,863 |
| | Total Corporate Convertible | \$ 27,348 | \$ 27,863 |
| | TOTAL SECURITIES | \$ 1,080,946 | \$1,439,994 |
| | TOTAL CASH EQUIVALENTS | \$ 42,071 | \$ 42,071 |
| | TOTAL GROWTH FUND ASSETS | \$ 1,123,017 | \$1,482,064 |

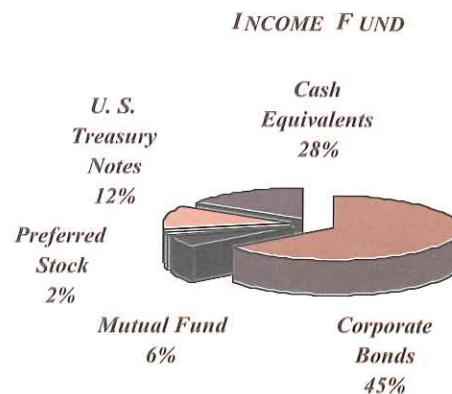
GROWTH FUND



APPENDIX B
(CONT.)
INCOME FUND
5/31/2002

PORTFOLIO ASSETS

| UNITS | COST | MARKET |
|--|--------------------|--------------------|
| CORPORATE BONDS | | |
| 40 Coeur D'Alene Mines Corporation 7.25% 10/31/2005-2000 | 24,108 | 29,550 |
| 100 Ford Motor Credit Company 6.875% 02/01/2006 | 101,791 | 103,133 |
| 100 Hershey Foods Corporation 6.95% 03/01/2007 | 99,385 | 107,976 |
| 100 Time Warner, Inc. 8.18% 08/15/2007 | 105,040 | 106,563 |
| 100 Lehman Brothers, Inc. 6.63% 02/15/2008 | 102,406 | 104,561 |
| 100 Tommy Hilfiger 6.85% 06/01/2008 | 94,760 | 94,669 |
| 100 Goldman Sachs Group, Inc. 7.35% 10/01/2009 | 104,814 | 107,104 |
| 100 NationsBank Corporation 6.60% 05/15/2010 | 101,946 | 102,081 |
| 100 CitiGroup, Inc. 7.25% 10/01/2010 | 107,260 | 108,516 |
| TOTAL CORPORATE BONDS | \$ 841,510 | \$ 864,153 |
| U.S. TREASURY NOTES | | |
| 53 U.S. Treasury Inflation Protection Securities "TIPS" 4.25% 1/15/2010 | 51,661 | 52,770 |
| 102 U.S. Treasury Inflation Protection Securities "TIPS" 3.50% 1/15/2011 | 103,612 | 105,561 |
| TOTAL U.S. TREASURY NOTES | \$ 155,273 | \$ 158,331 |
| MUTUAL FUND - FIXED INCOME | | |
| 12,000 Templeton Global Income Fund, Inc. | 80,850 | 86,760 |
| TOTAL MUTUAL FUNDS - FIXED INCOME | \$ 80,850 | \$ 86,760 |
| PREFERRED STOCK | | |
| 500 Globalstar Telecommunications 8.00% 2/15/2011 | 21,295 | 625 |
| TOTAL PREFERRED STOCK | \$ 21,295 | \$ 625 |
| TOTAL INCOME INSTRUMENTS | \$1,098,928 | \$1,109,869 |
| TOTAL CASH EQUIVALENTS | \$ 209,136 | \$ 209,136 |
| TOTAL INCOME FUND ASSETS | \$1,308,064 | \$1,319,005 |
| TOTAL PORTFOLIO ASSETS | \$2,431,081 | \$2,801,069 |



TRANSACTIONS

APPENDIX C SALES

| UNITS | | SALES PRICE | NET COST | PROFIT [LOSS] |
|----------------------|---|---------------------------|----------------------------|-------------------------|
| GROWTH FUND — | | | | |
| 2,300 | AT&T Corporation | \$ 39,411 | \$ 39,358 | \$ 53 |
| 740 | AT&T Wireless | 8,228 | 11,321 | [3,035] |
| 1,600 | Citrix Systems, Inc. | 17,499 | 36,714 | [19,215] |
| 1,000 | Electro Scientific, Inc. | 27,439 | 14,030 | 13,409 |
| 3,000 | Fischer Imaging Corporation | 46,858 | 14,023 | 32,835 |
| 1,500 | Fox Entertainment | 31,939 | 36,085 | [4,146] |
| 170 | Global Crossing, LTD | 49 | 40,606 | [40,557] |
| 700 | Halliburton Corporation | 17,454 | 28,395 | [10,941] |
| 5,000 | Inforte Corporation | 57,239 | 41,360 | 15,879 |
| 2,000 | MGM Mirage | 51,726 | 41,360 | 10,366 |
| 3,000 | Panera Bread | 109,784 | 20,115 | 89,669 |
| 3,000 | Paxson Communications Corporation | 25,489 | 26,770 | [1,281] |
| 3,000 | Skechers USA, Inc. | 50,839 | 36,618 | 14,221 |
| 3,000 | Thoratec Corporation | 50,978 | 23,414 | 27,564 |
| 4,000 | Topps, Inc. | 47,228 | 40,255 | 6,973 |
| 1,000 | Worldcom, Inc. | <u>7,670</u> | <u>14,520</u> | <u>[6,850]</u> |
| | TOTAL GROWTH FUND SALES | \$ 589,830 | \$ 464,944 | \$124,886 |
| INCOME FUND — | | | | |
| 100 | Bell Atlantic 5.875% 02/01/2004 | 102,490 | 93,510 | 8,980 |
| 2,000 | Crescent Real Estate Equities Trust | 39,411 | 45,110 | [5,699] |
| 1,500 | First Industrial Realty Trust, Inc. | 51,978 | 42,054 | 9,924 |
| 82 | Global Star Telecommunications | 0 | 203 | [203] |
| 100 | International Paper Corporation 6.875% 11/01/2023 | 94,990 | 100,510 | [5,520] |
| 1,000 | Metromedia International Group, Inc. 7.25% Preferred | 1,810 | 27,560 | [25,750] |
| 40 | MFC Bankcorp 8.00% 04/01/2008 | 38,290 | 32,110 | 6,180 |
| 150 | U. S. Treasury 5% 02/15/2011 | 145,580 | 144,998 | 582 |
| 55 | U.S Treasury TIPS 3.625% 04/15/2028 | <u>57,088</u> | <u>56,464</u> | <u>624</u> |
| | TOTAL INCOME FUND SALES | \$ 531,637 | \$ 542,519 | \$[10,882] |
| | TOTAL PORTFOLIO SALES | <u>\$1,121,467</u> | <u>\$ 1,007,463</u> | <u>\$114,004</u> |

| UNITS | | COST |
|----------------------|--|---------------------|
| GROWTH FUND — | | |
| 4,000 | American National Financial, Inc. | \$ 41,610 |
| 2,000 | Arkansas Best Corporation | 46,200 |
| 1,000 | Brown & Brown, Inc. | 60,015 |
| 6,000 | Chicago Pizza & Brewery, Inc. | 42,532 |
| 1,600 | Citrix Systems, Inc. | 36,714 |
| 1,000 | Exelon Corporation | 44,110 |
| 2,000 | Fossil, Inc. | 40,390 |
| 4,000 | Infinity, Inc. | 42,230 |
| 2,000 | MIMS Corporation | 20,520 |
| 5,000 | Misonix, Inc. | 43,370 |
| 2,000 | Perry Ellis International | 16,041 |
| 4,000 | Rocky Mountain Chocolate Factory, Inc. | 58,791 |
| 3,000 | Skechers USA, Inc. | 36,618 |
| 2,000 | Worldcom, Inc. | 29,040 |
| | TOTAL GROWTH FUND PURCHASES | \$ 558,181 |
| INCOME FUND — | | |
| 100 | Citigroup, Inc. 7.25% 10/01/2010 | 107,260 |
| 100 | Ford Motor Credit Company 6.875% 02/01/2006 | 101,791 |
| 100 | Goldman Sachs Group, Inc. 7.35% 10/01/2009 | 104,814 |
| 100 | Time Warner, Inc. 8.18% 08/15/2007 | 105,040 |
| 100 | Tommy Hilfiger 6.85% 06/01/2008 | 94,760 |
| | TOTAL INCOME FUND PURCHASES | \$ 513,665 |
| | TOTAL PORTFOLIO PURCHASES | \$ 1,071,846 |



“ . . .they have to investigate each company, one at a time, the old-fashioned way . . . ”

David O'Regan, native of Dublin, Ireland

STATEMENT OF OPERATIONS

APPENDIX D
JUNE 1, 2001 – MAY 31, 2002

Income:

| | | |
|-----------|--|------------------|
| Dividends | | \$ 23,774 |
| Interest | | 58,110 |
| | | <u>\$ 81,884</u> |

Expenses:

| | | |
|-------------------------|---------------------------|------------------|
| Custodial Fees | \$ 5,352 | |
| Administrative Expenses | <u>79,550^a</u> | |
| | | <u>\$ 84,902</u> |

Net Investment Income:

\$ -3,018

Realized Gain [Loss] on Investments:

| | | |
|---|------------------|------------|
| Proceeds from Securities Sold | \$ 1,115,465 | |
| Cost of Securities Sold | <u>1,007,060</u> | |
| Net Realized Gain [Loss] on Investments | | \$ 108,405 |

Net Decrease in Unrealized Appreciation on Investments:

| | |
|--------------------------|------------------|
| Market Value of Holdings | \$ 2,800,505 |
| Cost of Holdings | <u>2,436,774</u> |

| | |
|--|----------------|
| Unrealized Appreciation - 5/31/02 | 363,731 |
| Less Unrealized Appreciation - 5/31/01 | <u>396,245</u> |

Increase [Decrease] in Net Unrealized Appreciation \$ (32,514)

Net Realized Gain [Loss] and Increase [Decrease] in Net Unrealized Appreciation:

\$ 75,891

Net Increase in Assets Resulting from Operations:

\$ 72,873

^a 2001-2002 administrative expenses deducted after May 31, 2002.

CLASS OF 2002

(left to right)

Row 1: Michael Sweeney, Melissa Jasmin,
Laurie Harlan, Jayme Wiggins and Brad Hoffman.
Row 2: Brian Smith, Morgan Pile, and Justin Parnell.
Row 3: Kjell Aasheim, David O'Regan, Todd Tarrance,
Tyler Pullen, and Jeff Hamrick.

(Not pictured: Jeremy Adams, Marcus Andresen, Nick Burwell,
Jason Davis, Ryan Edelman, Royce Horak, Lori Kopp,
Robert Korey, Monica Pace, Heather Perry, Loyal Pyczynski, Gerant Qosja, Angel Rodriguez, and Pulat Tillaboyev.)



| | |
|-----------------------------------|---|
| 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, 2002. |
| BRUCE, BRIAN R. | President and CEO, Bruce Global Management, Dallas, TX. 1998-1999, 2002. |
| BUKOWSKI, DANIEL J. | Senior Vice-President and Director of Quantitative Research, Zurich Kemper Investments, Chicago, IL. 1998. |
| CASTLE, FRANK G., CFA | Andover Research/Castle Asset Management, Andover, MA. 2002. |
| 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. |
| 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. |
| HAYES, TIMOTHY, CMT | Global Equity Specialist, Ned Davis Research, Inc., Sarasota, FL. 2002. |
| 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. |
| 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. 1982-1999.
- 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.
- 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. 1990-2002.
- SERIO, MICHAEL J., CFA Senior Vice President, Stein Roe Investment Counsel, Chicago, IL. 1998, 2002.
- STOVALL, ROBERT, CFA Senior Vice President and Market Strategist, 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 Financial World magazine. 1989-2002.
- TESH, KURT J., JR., CFA Consultant, Capital Resource Advisors, Atlanta, GA. Stetson graduate and Roland George Investments Program Merit Scholar (BBA 1984). 2001.
- YODER, CRAIG Performance Analyst, Brinson Partners, Chicago, IL. 2002.
- ZAVANELLI, MAX President, Zavanelli Portfolio Research, Inc.; 1991-1994 Roland and Sarah George Visiting Professor of Applied Investments. 1983-1986, 1991-1999.

