



ROLAND GEORGE INVESTMENTS PROGRAM

annual report 2002-2003



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ROLAND GEORGE INVESTMENTS PROGRAM
SCHOOL OF BUSINESS ADMINISTRATION
STETSON UNIVERSITY

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DEAN

PROF. K. C. MA, CFA,
VISITING GEORGE PROFESSOR
OF APPLIED INVESTMENTS

LAWRENCE J. BELCHER, PH.D.,
DIRECTOR

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ADMINISTRATIVE SECRETARY,
PUBLICATIONS SPECIALIST

EUGENE M. AND CHRISTINE LYNN BUSINESS CENTER



Photos by Bryan Hannon and Lynn Thompson

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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VALIDATION OF OUR STUDENTS' PHILOSOPHY

As I conclude my first year as Director of the George Program, some things are different but much goes on as usual. Thanks to the work of Dr. K.C. Ma and others in the department, our students were once again able to return to Dayton and compete in the third University of Dayton RISE (Redefining Investment Strategy Education) competition for student-managed funds. This competition has been good for Stetson in that our students have placed first in two separate categories in the past two years (value and blend). This year we hoped for the trifecta in that we were placed in the growth category, but we were narrowly edged in returns by the University of Northern Arizona. The format was changed somewhat this year, however, in that the judges ranked the twelve finalist programs and chose the top ten of them to be "CNBC/NYSE Top Ten Student Managed Funds". Another change this year was that schools from North America participated, so there were schools from Canada and Mexico represented. In the final rankings we finished as the highest ranked private school in the rankings at number four in the United States. Even though we posted negative returns for the competition period in the equity fund, the students still beat the benchmark S&P 500 by 6% for the period. The overall winner, Purdue University, basically broke even for the year. This reflected the tough nature of markets last year. Even in a tough market this certainly continues to speak well of our program. I accompanied the team again this year and continue to be impressed not only with our students' level of technical sophistication but their poise and confidence as well.

Another strong validation of our students' philosophy was heard from a litany of Wall Street professionals at the RISE symposium. Our students look for under-followed companies with strong management, strong financials (especially cash flow), and product lines that are well established. All of these were mentioned by top professionals as effective ways to judge

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

equities. Most advisors indicated that small cap stocks were a better place to look now, which is another strength of our program.

This marked the end of the first year in the new Lynn Business Center. The facility is impressive, but more importantly for George students we have a new trading/research room that is state of the art. There are a few minor improvements that will occur this year, but the use of the facility has significantly upgraded the research capabilities of the students. Students have expanded access to Reuters/Bridge, Baseline, Bloomberg, and Morningstar in a spacious, well-lit room that gives them greater ability to do the fundamental research that the program prides itself on.

Indicative of how the economy has been performing over the past year, the growth fund was down by 10.6% before expenses. The income fund, however, buoyed by continuing strength in the bond markets, increased by 15% for the year. As of May 31, 2003, the total portfolio value stood at approximately \$2.8 million. A word on expenses is in order here. The University closes its fiscal year on May 31 each year. In some cases the expenses have not been deducted at the time of the annual report printing. This year's reported expenses reflect a one-time charge paid to the University of \$100,000 for administrative maintenance.

by Larry Belcher, Director



MERIT SCHOLARS - 2002-2003

Left to right bottom row:
Ben Hall, Carlos Domenech, Tish Miller,
Scott Kimball and Michael Fassnacht

Left to right top row:
Bryan Hinmon, Gage Gorman,
Andre' Uflacker and Will Carpenella

“STETSON STUDENTS HAVE HIGH-TECH ADVANTAGES AT BUSINESS SCHOOL”

Thursday, September 5, 2002

by Cindi Brownfield
Education Writer

DeLand - William Carpenella studied the rise and fall of stock prices on a sleek black computer monitor as a colorful stock market ticker scrolled on the wall behind him.

Carpenella's surroundings looked more like the office of a money-management firm than a classroom. And that's by design.

Giving students access to the technology they are likely to encounter in the working world was a priority for Stetson University as it renovated and expanded the Lynn Business Center – home to the university's School of Business Administration.

The center reopened for the fall semester, and will be dedicated today at a ceremony for trustees and donors.

“The old building was set up like a bank, and it was like a snapshot of the ‘60s and the ‘70s,” said Carpenella, 24, a senior majoring in both finance and electronic business technologies.

In fact the six story building was home to a savings and loan at one time.

Stetson bought the facility in 1991.

The university upgraded the center, inside and out, to make the exterior match other buildings on the historic campus and to provide more space for its business programs, said Paul Dascher, dean of business administration.

The \$12.6 million project took 18 months to complete. Two wings and an auditorium were added, increasing the space to 73,096 square feet (up from 59,314 square feet).

The design features a five-story atrium. The university's Center for Information Technology moved to the ground floor.

The business school operated out of the Bank of America building, two blocks from campus, during construction.

Renovation of the interior was designed with the future in mind, Dascher said.

Besides the latest computer technology, professors wanted movable furniture to allow for small group discussions and more interaction between students and teachers, he said.

“What we need is flexibility,” Dascher said.

“Whatever way we're teaching now, five years from now will be different.”

Throughout the center are computer labs and “smart” classrooms, equipped with computers, document cameras, DVD players and VCRs.

In many classrooms, student stations are wired for laptop computers.

Study carrels are sprinkled throughout the building so students will be near their professors when they need help, Dascher said.

To give it a corporate feel, the building features conference rooms and the university boardroom, complete with the huge board table from the former savings and loan.

One highlight is the new George Investments trading room, where Carpenella is a student and research assistant.

Research is critical in the investments program, in which students manage \$2.5 million in stocks and bonds, said Finance Department Chairman Larry Belcher, director of the George Investments Institute.

The program was launched 22 years ago with a \$500,000 gift to Stetson, and the portfolio has grown nearly every year since.



*Students in the George Program class
prepare for presentations of recommendations.*

“We've really raised their capabilities with this facility,” Belcher said.

The classroom has 14 computer stations, with instant access to three financial services typically used by money management companies.

In addition to the stock ticker, the room features up-to-the-minute information on the stocks in the students' portfolio and four TV sets tuned to CNN.

“Everything on the Web about the market is at least 20

minutes behind,” said Carpenella, son of former Daytona Beach Mayor Paul Carpenella. “But 20 minutes is forever in the market.”

Even with all the new bells and whistles, teaching business will not change fundamentally, Dascher said.

“We don't want to so dazzle them with this technology that they don't get the concepts,” he said.

Carpenella said the students agree that's the highest priority.

“The important thing to me is, the school itself is the same,” he said.

“It's just that it has a new body.”

LECTURERS

2002 – 2003

“...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



**Lawrence J. Belcher,
Ph.D.**
Director, George
Investments Institute;
Chair and Associate
Professor of Finance

— GUEST SPEAKERS —

Brian R. Bruce
Director of Global
Investments,
PanAgora Asset
Management
Sudbury, MA
Spring 2003



Timothy Hayes, CMT
Global Equity Strategist,
Ned Davis Research, Inc.
Sarasota, FL
Fall 2002



Robert C. Schumacher
Evergreen Institutional
Asset Management
Jacksonville, FL
Spring 2003



Michael J. Serio, CFA
Senior Vice President,
Stein Roe
Investment Counsel
Chicago, IL
Spring 2003

Robert H. Stovall, CFA
Global Strategist,
Clemente Asset
Management, Inc.
New York, NY
Fall 2002



Ash Rajan
Director, Client Equities
Prudential Securities
New York, NY
Fall 2002

Joseph Kalish
Ned Davis Research
Sarasota, FL
Spring 2003

GROWTH PORTFOLIO GOALS

Our philosophy is to:

- ❖ Achieve excellence in the equity markets by focusing on growth companies that are under-followed with potential for substantial increase in stock price.
- ❖ Enhance the quality of our portfolio by purchasing companies that are tremendously under-valued, have a steady stream of historical growth, and will appreciate in share price within a shorter period of time – 12 to 18 months.

Our advantage is:

- ❖ Proprietary research seeking quality investments with solid fundamentals and high intrinsic value.
- ❖ Disciplined decision-making by limiting to fewer equity positions to afford individual attention.
- ❖ Intense portfolio supervision to ensure maximization of profitability and minimization of potential losses.

GROWTH PORTFOLIO STRATEGY

Through our diligence, macro, micro, and systemic analyses are undertaken meticulously. Buy and Sell decisions become black and white.

With discipline, we trust our analysts to make rational decisions. Markets are dynamic and emotional – discipline is steady and calculated. Our strength is an ability to find strong, growing companies regardless of sector.

Initiating coverage on unfollowed companies provides us with distinction and first-mover advantage.

We follow a stringent criteria:

- ⌘ Price no less than \$5.00
- ⌘ Price-to-book ratio no less than 2
- ⌘ P/E ratio greater than 15
- ⌘ Fewer than 3 analysts covering

When researching to make proposals for buy decisions, we use quantitative measures looking for promising earnings growth potential in companies with adequate cash flow and sufficient liquidity.

We also take qualitative measures to choose companies possessing competent and driven management. The companies must have sustainable competitive advantages and a strong commitment to research and development.

Our sell decisions, in turn, factor in companies that have achieved target prices set by our analysts. Those target prices are calculated using several well-known and trusted models, such as Holt's Model, the Discounted FCF Model, and the Franchise Model. We institute perpetual monitoring and updating of our calculations.

GROWTH PORTFOLIO UPDATE

Promising prospects for the future have been shown for the Growth Portfolio. The sector allocation comparison with the S&P 500 indicates the George Program has superior potential for future earnings in the Financial and Consumer Discretionary Sectors, as the economy emerges from recession. Financial institutions are typically healthier as a result of higher interest and lower default rates. Consumer spending usually continues to accelerate.

Less emphasis, however, will be put on the information technology and telecommunication sectors because of increased risk associated with the majority of these investments and the difficulty in understanding what they do as well as how they remain profitable.

The Roland George Investments Program prides itself on the time and effort that its students put into researching quality investments with solid fundamentals and high, intrinsic value for purchase in the portfolio. By selecting companies in this fashion, the George Program has weathered the turbulence that has plagued financial markets over the past year and plans to continue outperforming its benchmarks – whatever the future holds.

*information collectively supplied by:
Jason Buser, Will Carpenella
and John West*

INCOME PORTFOLIO STRATEGY

The Fixed Income Portfolio of the Roland George Investments Program finds itself at the center of a financial maelstrom. Fortunately, the oldest and most prestigious student-managed portfolio of its kind has positioned itself to surmount the current and imminent economic challenges.

Specifically, this is accomplished by the meticulous evaluation of the following six key factors:

- ⌘ Preparation for interest rate changes.
- ⌘ Credit rating of current and prospective additions to and/or replacements for the fixed income portfolio.
- ⌘ Selection of an appropriate investment horizon.
- ⌘ Proper assessment of the attendant duration.
- ⌘ Coupon income.
- ⌘ Forming the portfolio structure according to a bullet or barbell composition.

The student analysts of the Roland George Investments Program have their own perceptions – which, unlike others, are a little longer-term in their focus. The consensus is that rates are likely to be raised by at least 50 basis points within the next 12 to 18 months. Moreover, they are likely to be raised consistently for a while thereafter. One of the primary reasons for this conclusion is the observation that the Federal funds rate is at a notable historical low. In spite of the possibility that the Federal funds rate might be lowered a little further, a great deal of credence is given to the probability of a consistent increase for a significant portion of the portfolio's holding period. This paradigm is the primary motive behind the portfolio's management strategies that have been adopted.

First, given the current market condition, the objective of the class is to maximize total return subject to a minimum level of coupon income. To achieve this goal, the class decided to implement the following strategy:

- ⌘ Credit ration at least BB (S&P).
- ⌘ Portfolio duration less than five years.
- ⌘ Coupon income to cover operating expenses.

The fixed income segment of the Roland George Investments Program has projected that this methodology will allow for the construction of an agile, well-immunized portfolio – one that is fit to weather the current financial turbulence which confronts the bond market and the overall economy.

synopsis by David Francis

INCOME FUND OUTLOOK

The past year has certainly been a turbulent one for financial markets. Since the spring of 2002, more corporate scandals have rocked the business world, interest rates have gone to lows not seen in 40 years, and consumer confidence has reached a nine-year low. Throw in extended uncertainty over a war with Iraq, and you get a very hostile environment for any investor.

The events of the past year are reflected in the returns of major stock market indices. The S&P 500 was down 20.98% over this period, and the Dow Jones Industrial Average lost 19.78%. Weathering this financial storm, the Roland George Growth Portfolio only gave back 15.28% over the same period.

However, stock performance has not been the bellwether of the Roland George Investments Program over the past year. As a result of declining interest rates, the Income Fund has shown positive returns of 11.14%. This has helped, in large measure, to offset the losses of the Growth Fund.

Looking forward, however, the Program is faced with new challenges in keeping the Income Fund profitable. With interest rates at 40-year lows, rises in interest rates are inevitable – and with rising interest rates come falling bond prices. As a result, the Program has made very few changes to the fixed income portfolio this semester, choosing instead to hold securities to maturity if need be to avoid transaction costs on bonds that will lose money anyway.

synopsis by Jason Buser

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-three 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
K. C. Ma, Ph.D., CFA	2001-Present

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-Present

APPENDIX A
SUMMARY OF TWENTY-THREE YEAR PERFORMANCE
5/31/2003

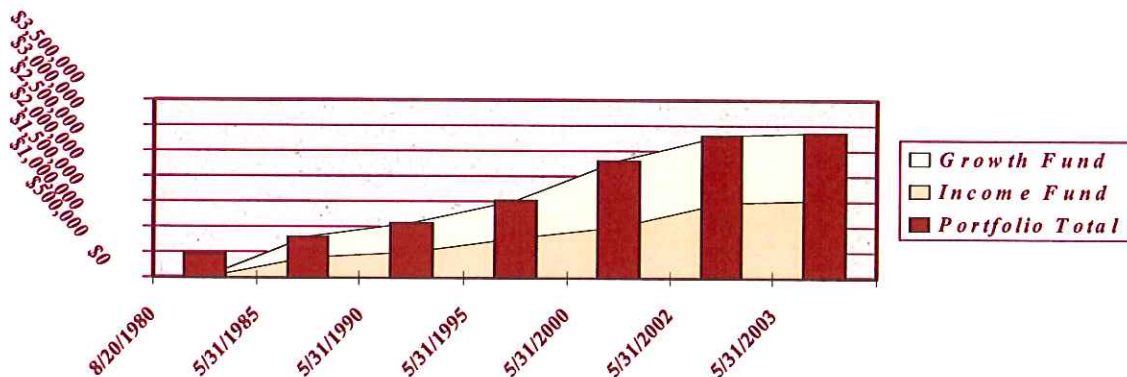
DATE	INCOME	GROWTH	TOTAL
8/20/80		**initial gift**	\$ 481,499
5/31/81	\$ 233,722	\$ 297,354	531,076
5/31/82	337,559	264,303	601,862 ^a
5/31/83	374,161	407,186	781,347
5/31/84	344,588	315,376	659,964
5/31/85	402,196	410,290	812,486
5/31/86	471,512	476,936	948,448
5/31/87	476,248	498,175	974,423
5/31/88	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
5/31/03	1,517,821	1,324,353	2,842,174 ^b

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

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

In defining 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
GROWTH FUND
5/31/2003

SHARES		COST	MARKET
COMMON STOCKS			
1,000	Arkansas Best Corporation	23,100	26,500
25	Berkshire Hathaway, Inc.	42,620	59,350
2,000	Boston Beer Company	14,860	28,360
2,000	Brown & Brown, Inc.	60,015	70,900
2,000	Bradley Pharmaceuticals, Inc.	27,467	33,700
3,000	Chicago Pizza & Brewery, Inc.	21,266	25,080
900	Corvel Corporation	30,318	29,871
1,000	Exelon Corporation	44,110	57,300
3,000	Embrex, Inc.	27,267	28,470
400	General Dynamics Corporation	19,771	26,728
1,000	Gentex Corporation	5,360	31,140
8,000	Infinity, Inc.	42,230	49,520
1,200	MBIA, Inc.	37,598	60,060
5,800	MFC Bancorp, Limited	46,692	50,982
2,000	MIMS Corporation	20,520	13,700
2,400	Medical Action Industries, Inc.	26,070	32,256
5,000	Misonix, Inc.	43,370	20,250
7,125	Mymetics Corporation	12,647	641
2,000	NBTY, Inc.	30,368	30,980
4,000	1-800-FLOWERS.com, Inc.	31,718	33,400
2,000	Perry Ellis International	16,041	37,820
1,000	Renal Care Group, Inc.	32,567	33,980
4,000	Rocky Mountain Chocolate Factory, Inc.	58,791	31,080
1,000	Stericycle, Inc.	31,994	39,560
5,000	Total Entertainment Restaurant	40,490	38,250
2,000	Varco International, Inc.	33,956	43,300
1,000	Weightwatchers, Inc.	47,825	42,580
3,600	White Electric Designs Corporation	32,475	33,840
1,000	WorldCom, Inc.	14,520	69
	TOTAL COMMON STOCKS	\$ 916,026	\$ 1,009,667
CLOSED-END MUTUAL FUND			
1,400	INVESCO Advantage Global Health Sciences Fund	22,568	17,962
	TOTAL CLOSED-END MUTUAL FUND	\$ 22,568	\$ 17,962
CORPORATE CONVERTIBLE			
30	Parker Drilling Series 5.5% 8/1/2004-2001	27,348	29,475
	TOTAL CORPORATE CONVERTIBLE	\$ 27,348	\$ 29,475
	TOTAL SECURITIES	\$ 965,942	\$ 1,057,104
	TOTAL CASH EQUIVALENTS	\$ 267,249	\$ 267,249
	TOTAL GROWTH FUND ASSETS	\$ 1,233,191	\$ 1,324,353

UNITS	COST	MARKET
CORPORATE BONDS		
40 Coeur D'Alene Mines Corporation 7.25% 10/31/2005-2000	24,108	39,975
100 Ford Motor Credit Company 6.875% 02/01/2006	101,791	105,148
100 Hershey Foods Corporation 6.95% 03/01/2007	99,385	115,187
100 Time Warner, Inc. 8.18% 08/15/2007	105,040	115,500
100 Lehman Brothers, Inc. 6.63% 02/15/2008	102,406	116,392
100 Tommy Hilfiger 6.85% 06/01/2008	94,760	100,250
100 Goldman Sachs Group, Inc. 7.35% 10/01/2009	104,814	120,813
100 NationsBank Corporation 6.60% 05/15/2010	101,946	117,562
100 CitiGroup, Inc. 7.25% 10/01/2010	107,260	122,176
<i>TOTAL CORPORATE BONDS</i>	\$ <u>841,510</u>	\$ <u>953,003</u>
U.S. TREASURY NOTES		
53 U.S. Treasury Inflation Protection Securities "TIPS" 4.25% 1/15/2010	51,661	64,536
102 U.S. Treasury Inflation Protection Securities "TIPS" 3.50% 1/15/2011	103,612	120,540
<i>TOTAL U.S. TREASURY NOTES</i>	\$ <u>155,273</u>	\$ <u>185,076</u>
MUTUAL FUND - FIXED INCOME		
12,000 Templeton Global Income Fund, Inc.	80,850	99,720
<i>TOTAL MUTUAL FUNDS - FIXED INCOME</i>	\$ <u>80,850</u>	\$ <u>99,720</u>
TOTAL INCOME INSTRUMENTS	\$ <u>1,077,633</u>	\$ <u>1,237,799</u>
TOTAL CASH EQUIVALENTS	\$ <u>280,022</u>	\$ <u>280,022</u>
TOTAL INCOME FUND ASSETS	\$ <u>1,357,655</u>	\$ <u>1,517,821</u>
TOTAL PORTFOLIO ASSETS	\$ <u><u>2,590,846</u></u>	\$ <u><u>2,842,174</u></u>

UNITS		SALES PRICE	NET COST	PROFIT [Loss]
GROWTH FUND —				
1,500	Altria Group, Inc.	\$ 47,153	35,991	11,162
2,000	American Eagle Outfitters	34,102	30,959	3,143
600	Anadarko Petroleum Corporation	27,215	36,520	[9,305]
1,000	Arkansas Best Corporation	30,219	23,100	7,119
3,000	Chicago Pizza & Brewery, Inc.	20,932	21,266	[334]
863	Cox Communications, Inc.	25,633	21,658	3,975
1,400	ENSCO International, Inc.	40,243	19,680	20,563
3,000	Exponent, Inc.	37,769	34,080	3,698
2,270	Fidelity National Finance	78,871	41,610	37,261
4,000	Fisher Imaging Corporation	16,124	18,697	[2,573]
3,000	Fossil, Inc.	56,892	40,390	16,502
3,000	Frequency Electronics, Inc.	23,177	34,285	[11,108]
1,000	Gentex Corporation	30,036	5,360	24,676
1,064	Global Santa Fe Corporation	26,557	19,490	7,067
2,500	Liberty Media Corporation-A	24,919	32,635	[7,716]
300	MBIA, Inc.	17,100	9,399	7,701
1,700	MFC Bancorp, Limited	12,973	13,668	[695]
1,400	Nisource, Inc.	22,445	31,018	[8,573]
1,000	Raytheon Company	29,232	29,040	192
1,000	Renal Care	32,089	32,567	[478]
3,000	Thoratec Corporation	24,461	23,414	1,047
1,726	Triquint Semiconductor, Inc.	9,752	28,865	[19,113]
TOTAL GROWTH FUND SALES		\$ 667,894	\$ 583,692	\$ 84,202
TOTAL PORTFOLIO SALES		\$ 667,894	\$ 583,692	\$ 84,202

CLASS OF 2003

(left to right - next page)

Row 1: Dr. Larry Belcher, Elena Philipova, Dimple Mirchandani,
Chris Scobie, Aaron Pitone, Steve Duryee, Tish Miller

Row 2: Alek Antonijevic, Ben Hall, David Francis, Lea Picou

Row 3: Wes Williams, Brett Martin, Ryan McCain, Scott Kimball, John West

Row 4: Kevin Notaro, Carlos Domenech, Gage Gorman, Brian Hinmon, Hao Shi

Row 5: Patrick Zalupski, Michael Flattery, Numi Vukovic, Andere' Uflacker,
Will Carpenella, Dr. K. C. Ma, Michael Mead, Michael Fassnacht

(Not pictured: Andrew Callieri, Peter Heise, Brad Hoffman,
Randy Romer and Craig Tompkins)

UNITS			COST
GROWTH FUND —			
4,000	1-800-FLOWERS.com	\$	31,718
2,000	American Eagle Outfitters, Inc.		30,959
2,000	Bradley Pharmaceuticals, Inc.		27,467
900	Corvel Corporation		30,318
3,000	Embrex, Inc.		27267
2,400	Medical Action Industries, Inc.		26,070
2,000	NBTY, Inc.		30,368
2,000	Renal Care Group, Inc.		65,134
1,000	Stericycle, Inc.		31,994
5,000	Total Entertainment Restaurant Corporation		40,490
2,000	Varco International, Inc.		33,956
1,000	Weight Watchers International, Inc.		47,825
3,600	White Electric Designs Corporation		32,475
<i>Total Growth Fund Purchases</i>		\$	<u>456,041</u>
TOTAL PORTFOLIO PURCHASES		\$	<u><u>456,041</u></u>



STATEMENT OF OPERATIONS

APPENDIX D
JUNE 1, 2002 – MAY 31, 2003

Income:

Dividends		\$ 11,689
Interest		55,198
		<u>\$ 66,887</u>

Expenses:

Custodial Fees	\$ 2,684	
Administrative Maintenance Fee	100,000 *	
Administrative Expenses	<u>168,000</u> ^b	

Net Investment Income:

\$ 270,864
\$ (203,797)

Realized Gain [Loss] on Investments:

Proceeds from Securities Sold	\$ 667,894	
Cost of Securities Sold	<u>583,692</u>	
Net Realized Gain [Loss] on Investments		\$ 84,202

Net Decrease in Unrealized Appreciation
on Investments:

Market Value of Holdings	\$ 2,842,174	
Cost of Holdings	<u>2,590,846</u>	
Unrealized Appreciation - 5/31/03	251,328	
Less Unrealized Appreciation - 5/31/02	<u>363,731</u>	

Increase [Decrease] in Net Unrealized
Appreciation

\$ (112,403)

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

\$ (28,201)

Net Decrease in Assets Resulting from
Operations:

\$ (231,998)

^a 2001-2002 administrative expenses deducted after May 31, 2003.

* A one-time administrative maintenance fee of \$100,000 was paid this year.

^b 2002-2003 administrative expenses paid after May 31, 2003.

ARELLANO, RICHARD C.	Associate, Fixed Income Research, ABN AMRO, Inc., Chicago, IL. 1998.
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, 2002-2003.
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.
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. 2001-2002.
HUGHES, JAMES A., JR.	President and Partner, V ⁴ , Inc., Orlando, FL. Stetson graduate and Roland George Investments Program Merit Scholar (BBA 1991). 1999.
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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.

RAJAN, ASH	Director of Client Equities, Prudential Securities National Sales Division, New York, NY. 2003.
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. 1990-2003.
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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.

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