Roland George Investments Program

annual report 2003–2004

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Roland George Investments Program
School of Business Administration
Stetson University

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Dean

K. C. Ma, Ph.D., CFA,
Visiting George Professor
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Director

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Pictured on cover, the 2004 RISE Symposium team consisted of Kevin Burd, Jessica Butcher, Stefan Morony and Phil Reagan. Mikkel Finstad takes in culture of New York at Central Park.

Eugene M. and Christine Lynn Business Center

Photo by 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 courses;*
    - *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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We represent the best of student-managed funds . . .

by Larry Belcher, Director

As we approach a Presidential election later this year, we see an electorate that is fairly evenly divided across party lines. This promises to make the outcome of the election as close as the photo finish election of 2000. Regardless of politics, market performance has been uneven over the last few years. We had a post 2001 "jobless recovery" that saw economic indicators improving but job creation not seeming to keep pace with good numbers in other areas of the economy. Lately, job growth picked up in a big way but now seems to have tapered off somewhat again. It is difficult to tell what will happen because we appear to have contradictory information all around us.

If one follows financial markets for very long, you know that markets thrive on information. It can be good or bad, but market participants like to see things go one way or another. Uncertainty or ambiguity always seems to produce markets that do not know which way to go, and so we often see "sideways" movement-ups and downs that in the end seem to basically offset one another. This has characterized most of the year.

In terms of the performance of the George Program, we had another banner year. If you looked at the performance of the growth portfolio, it was lagging the S&P 500 but as Jason Buser, our portfolio statistician, pointed out, we have a relatively low beta portfolio. This means that all other things being equal, since we have a lower level of risk we should earn a correspondingly lower return. If you look at the composition of the portfolio, you see that we are under weighted in technology-oriented companies, although we did add a few this year. Although this has reduced the earnings potential of the portfolio, it was a conscious decision. Technology companies seem to be extremely volatile and it is often difficult for the students to get a good handle on the businesses. Therefore, we have limited tech exposure even though it hurts when there are tech rallies.

On the fixed income side, we executed a few swaps this year to bring the portfolio more in line with the class expectations regarding the economy. Most analysts predicted a 50 basis point rise in interest rates and as it has played out the Fed increased rates by 25 basis points with further increases possible later in the year. The students responded to this expectation by "shortening up" the duration of the portfolio to reduce interest rate risk in a rising rate environment. In addition, we generated some income by swapping out the bonds.

For the fourth straight year, we participated in the University of Dayton RISE symposium. This is designed to further investment education among college and university students and increasingly to investment professionals as well. At this year's symposium I happened to run into a college classmate of mine who is a portfolio manager in Louisville, Kentucky. He is a CFA (Chartered Financial Analyst) charter holder and has worked in the financial services field for a number of years. He came to the symposium to hear from the professionals that presented, much the same as we did. A highlight for our students each year is the student-managed fund competition. Each year it seems that we face a moving target in terms of rules for the competition and this year was no exception. In the past, the students have diligently prepared and looked forward to making a presentation about the portfolio to a panel of investment professionals. The presentation traditionally was 50% of the final score in the competition. This year the presentation was eliminated and replaced with a poster session for the programs that did not count in the final results at all. The students did a poster and we received lots of interest in our program, as we always do. The competition came down to all results this year and only the first place team in each category was announced. This year, in addition to the three equity management categories that there have been in the past, there were two new categories in fixed income management and alternative investments. Dr. Ma and I made the decision to enter the fixed income competition, largely because we had exceptional returns on our fixed income portfolio last year. It turned out to be a fortuitous move, because at dinner we were announced as the winning school in the fixed income category. This means that we have finished first three times in four years and second one year, in what was our worst performance year. This says a tremendous amount about the strength of our program and the students and faculty in the Department of Finance.

Student managed funds are becoming more and more popular at universities all over the country, and the George Program continues to be one of the leading programs in the country. Recently I have had phone calls from the University of Chicago as well as the Stern School of Business at New York University regarding operating a student-managed fund. The fact that much larger schools come to Stetson for information just further reinforces the strength and quality of the George Program. From our competition record to our guest speakers to our faculty and staff to our publications, we represent the best of student-managed funds in the United States. I would be remiss if I did not also include in that mix our friends and donors, who help to make this all possible. We continue to solicit both your help as well as your comments. Be on the lookout this fall. The Stetson University web site has been redone and we will launch a new School of Business website soon. As a part of this, we will also have newly updated sites for the Finance Department and George Program as well. Stay tuned.

2004 National Champions

Orlando Business Journal

April 9, 2004

Stetson team wins top honor at national investments competition

Students in Stetson University's Roland George Investments Program took top honors at the University of Dayton's 2004 Redefining Investment Strategy Education Symposium in Ohio April 2.

The four-member team placed first in the fixed income portfolio category in the undergraduate division.

The Stetson team competed among students and faculty representing more than 100 schools from the United States and Canada.

The team's fixed income portion of the George portfolio, which includes government and corporate bonds, is valued at $1.4 million and saw a 9.2 percent return in 2003, according to Dr. Larry Belcher, associate professor of finance and director of Stetson's George Investments Institute.

Belcher says the entire portfolio is valued at $2.8 million and has investments in about 25 companies such as 1-800-flowers.com and Weight Watchers.

The Roland George Investments Program began in 1980 with Sarah George's $568,000 gift to Stetson. The institute hosts the investments program and provides general support for investment research, local education and student contact with finance professionals.

Remembering . . .

Kenneth L. Jackson
1922 – 2004

"Understanding of the idea behind the George Program can best be gained by understanding the background . . ." is the opening statement Mr. Jackson wrote for the inaugural issue of the Roland George Investments Program annual report for the 1980-1981 academic and fiscal year. His interest and enthusiasm remained strong – even at this year's George Program honors dinner. Mr. Jackson was able to join us just a few short months prior to his passing at his home in DeLand on August 2nd.

Ken Jackson, having come to the faculty at Stetson in 1968, was among the original group that first met with Mrs. Sarah George in 1980 to hear her plan for an investments program at the School of Business Administration. As Chair of the Steering Committee, Mr. Jackson was instrumental in establishing the foundation for the program as it is today. His function was to put in place all aspects for the development of the program. This involved the course description, schedules and requirements; forecasting the portfolio incomes and preparing the budgets for a two-year period; recruiting the visiting professor; and developing the criteria for our merit scholars. He arranged for enhancements to library resource materials in the finance and investments field and established the guidelines for the banking, brokerage and trading aspects of the funds.

During his tenure in the Finance Department of the School of Business, Ken Jackson taught statistics along with his other duties as Chair of the department. He served as the first director of the investments program bringing in professionals like B. Carter Randall and Gerald T. Kennedy to serve as the Distinguished Visiting Professor. He was known to frequent the investment program classes, guest lecture sessions as well as student board meetings. While accomplishing all this, Mr. Jackson was also able to see the initial portfolio funds increase in value by approximately eleven percent at the end of the first year. In 1987, Mr. Jackson retired.

We proudly recognize Ken Jackson's endeavors to help establish a solid foundation upon which to build such a program. All of this led to our having not only one of the oldest student managed investment programs in the nation but also one of the most prestigious programs, as well.

by Lynn Thompson

Lecturers

2003 – 2004

"...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 —

Richard Arellano
Equity Market Maker,
Jefferies and Company,
Dallas, TX
Spring 2004

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

Timothy Hayes, CMT
Global Equity Strategist,
Ned Davis Research, Inc.
Sarasota, FL
Fall 2003

Robert C. Schumacher
Evergreen Investment
Management Company, LLC
Jacksonville, FL
Spring 2004

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

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

The strategy this year follows the same basic parameters that have become hallmarks of the program. These are to find strong growing companies regardless of sector that have growth potential. These companies should have promising earnings growth and adequate cash flow and liquidity. Companies with proprietary technology or other competitive advantages are attractive. Management must be competent and stable so that the companies have good long term potential for growth and continuous improvement. Analyst coverage and insider activity are gauges of interest and potential in companies. This leads to an overall portfolio goal of maximizing total return, particularly from stocks with capital gain potential. Based on these criteria, the following parameters were established and followed this year for acquisitions:

- ⌘ A preference for small cap stocks, with market capitalization between $100 million and $1.5 billion
- ⌘ Stay away from interest sensitive stocks in sectors such as housing, utilities and financials. Concentrate on emerging sectors such as information technology and cyclical industries that prosper in the beginning of the business cycle
- ⌘ Price/Earnings Ratio greater than 30
- ⌘ Price-to-book ratio greater than 4
- ⌘ Price-to-sales ratio greater than 2.5
- ⌘ Price-to-cash flow ratio greater than 15

Sales decisions are the result of continuous monitoring of companies in the portfolio throughout the year. Analysts use analytical models such as the Holt's model, Discounted Free Cash Flow model, or Franchise model to set target prices. These are used as benchmarks to evaluate the fair market values of companies in the portfolio. Companies whose growth potential has been exhausted or which do not fit into the parameters established for the portfolio are considered to be sell candidates.

Growth Portfolio Update

The students in the George Program looked at the economic conditions for the 12 to 18 month horizon into the next year. Conditions are improving, with economic growth, productivity and employment all posting gains. As the jobless rate catches up with the rest of the economy, incomes should recover. The George Program sees superior growth potential in the Consumer Discretionary sector as incomes grow. With the potential for further interest rate increases on the part of the Federal Reserve, the Program is limiting its exposure to stocks in interest rate sensitive industries like housing, utilities, and financial services because they will certainly be negatively impacted by rate increases.

At the same time, the portfolio has been lagging the S&P 500 this year because it is under-weighted in areas such as information technology. Although there were some purchases this year in this sector, such as Satyam and Cyberguard, the student analysts in the program continue to be wary of companies in this sector. The information technology sector, in particular, displays tremendous volatility and it is often difficult to understand the growth potential that may be present in these companies. The portfolio beta has ranged in value between .7 and .9, somewhat below the market beta of one. Although this has helped the program in the past, in a rising market it does impose a drag on the portfolio's earnings.

The Roland George Program has made it a point to meticulously analyze companies and go the extra mile to pay attention to detail in its research. That formula has proven to be successful in the past, and undoubtedly will continue to benefit the Program into the future.

Information compiled by
Jason Buser and Stefan Moroney

INCOME PORTFOLIO STRATEGY

This was a difficult year to consider regarding the Fixed Income Portfolio of the Roland George Investments Program. After years of low and falling interest rates, the economy finally began to emerge from its doldrums and recover. As this process began, the consensus among analysts was not that the Fed would raise interest rates but when and by how much. Given this virtual certainty, the issue for the class analysts was to try and arrive at a consensus interest rate forecast and make any adjustments necessary in the portfolio.

The consensus among class analysts was that the Fed would raise interest rates by 50 basis points in the next 12 months. This was verified somewhat as later in the year the Fed raised interest rates by 25 basis points and most market watchers expect more rate increases to follow as the economy gains momentum. Because rising interest rates generate interest rate risk in the portfolio in the form of falling bond prices, the portfolio structure was adjusted to make it more compatible with a rising rate environment. Specifically, the following parameters were analyzed by the class:

- Interest rates: consensus forecast 50 bp increase
- Holding period of portfolio
- Credit rating of bonds in the portfolio
- Overall portfolio maturity
- Overall portfolio duration
- Coupon income from portfolio

Given the class consensus that interest rates would rise, it was determined that the portfolio should have less risk but still maintain sufficient coupon income to cover expenses. The following specific performance goals were outlined:

- Maximize total return on the portfolio while generating at least $60,000 per year in portfolio coupon income
- An overall portfolio maturity of < 8 years
- An overall portfolio duration of < 4 years
- All bonds must be investment grade

To meet these goals, several bonds were swapped out this year. In each case the swaps generated positive net income and changed the portfolio duration and maturity in the desired manner.

INCOME FUND OUTLOOK

In another part of the report, it is noted that this year's class was named Fixed Income Management first place winners at the University of Dayton Rise Symposium. That period covered the calendar year 2003 and resulted in a 9.2% return on the Fixed Income Portfolio. If we look at the benchmark Lipper Intermediate Bond Index over the same period, it returned around half of that, so we handily beat our benchmark. Returns dropped off after that somewhat due to rising interest rates, but the portfolio should be better insulated from those changes now. The swap candidates were shorter duration and had higher coupon rates, so we have a greater income potential.

Synopsis provided by Jason Buser

MERIT SCHOLARS - 2003-2004

Left to right: Jason Buser, Mikkel Finstad, Asya Kurmangalinova, Jessica Butcher, Stefan Moroney, Daniel Haines, Kevin Notaro and Phil Reagan

History of the Program

A gift fulfilling the dream of Mr. Roland George, who believed students should learn from hands-on experience, was transferred to Stetson University on August 20, 1980 — assets with a value of nearly $500,000. 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. Annoyed with colleges teaching only theory, the program he envisioned would enable students to manage an actual portfolio. Students would purchase and sell securities, monitor the portfolio, and endure the pressure of generating sufficient income to pay program expenses. Mrs. George stressed that failure, as well as success, should be part of the learning experience, insisting 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.

The Program was enhanced by dividing the class into two semesters with the additional endowment provided by the George estate. Students focus on the Growth Fund and equity management techniques during the first semester. 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. They helped in greatly improving the level of investment experience for students at Stetson University. Their efforts 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 — affording Stetson's business students 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 now for twenty-four 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
K. C. 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

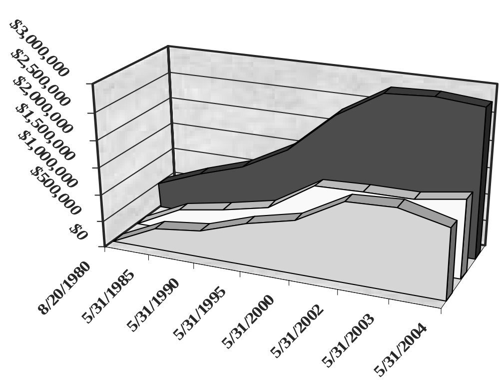
Appendix A
Summary of Twenty–four Year Performance
5/31/2004

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
5/31/04	1,311,579	1,460,131	2,771,710	b

[a] - Includes subsequent gift of $ 86,792 in February 1982
[b] - Program expenses deducted after the end of the fiscal year

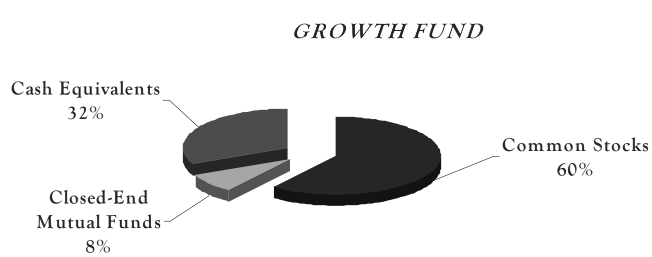
In defining the Growth and Income funds, the charter establishing the Roland George Investments Fund set an asset allocation of fifty percent to the Growth Fund and fifty percent to the Income Fund. Therefore, funds are periodically transferred between funds to keep that balance.

TOTAL PORTFOLIO VALUE



Portfolio Assets

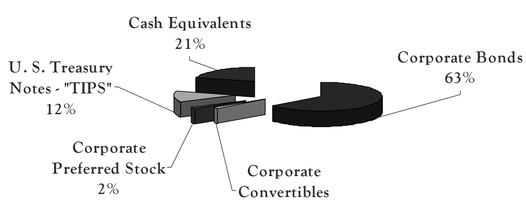
Shares		Cost	Market
Common Stocks			
700	American Italian Pasta Company	$ 25,878	$ 20,482
850	Anteon International Corporation	30,262	25,041
1,000	Arkanas Best Corporation	23,100	29,790
1,000	Brown & Brown, Inc.	30,008	39,980
25	Berkshire Hathaway, Inc.	42,620	74,300
2,600	Collagenex Pharmaceuticals, Inc.	30,992	25,532
2,700	Cyberguard Corporation	22,515	16,979
700	Dicks Sporting Goods, Inc.	35,301	40,222
1,000	Gentex Corporation	5,360	38,000
1,200	MBIA, Inc.	37,598	66,468
2,400	Medical Action Industries, Inc.	26,070	42,264
5,000	Misonix, Inc.	43,370	42,100
2,000	NBTY, Inc.	30,368	73,820
2,500	Netsmart Technologies, Inc.	31,025	21,650
4,000	1-800-FLOWERS.com, Inc.	31,718	38,360
6,000	Rocky Mountain Chocolate Factory, Inc.	58,791	63,690
2,000	Satyam Computer Services, Ltd.	34,020	39,080
1,400	Surmodics, Inc.	31,590	31,220
5,000	Total Entertainment Restaurant	40,490	65,345
750	United Natural Foods, Inc.	27,816	37,935
1,500	United Online, Inc.	26,880	28,185
2,000	Varco International, Inc.	33,956	40,400
1,000	Weightwatchers, Inc.	47,825	34,850
1,000	WorldCom, Inc.	14,520	10
	Total Common Stocks	**762,073**	**935,703**
Closed-End Mutual Fund			
1,400	AIM Counselor Services Fund (formerly INVESCO Advantage Global HealthSciences Fund)	22,568	20,454
1,200	Templeton Global Income Fund, Inc.	80,850	97,680
	Total Closed-End Mutual Fund	**$ 103,418**	**$ 118,134**
Total Securities		$ 865,491	$ 1,053,837
Total Cash Equivalents		$ 406,294	$ 406,294
Total Growth Fund Assets		**$ 1,271,785**	**$ 1,460,131**



Portfolio Assets

Units		Cost	Market
Corporate Bonds			
100	Arrow Electronics, Inc. 7.25% 01/15/07	107,850	106,443
100	Bankers Trust NY Corporation 7.38% 05/01/08	102,250	111,697
100	Dow Chemicals (Union Carbide) 6.70% 04/01/09	102,250	100,000
100	Electronic Data Systems, Inc. 7.13% 10/15/09	101,811	103,239
100	Ford Motor Credit Company 6.88% 02/01/06	101,791	105,137
100	Tommy Hilfiger 6.85% 6/1/08	94,760	101,500
100	Goldman Sachs Group, Inc. 7.35% 10/01/09	104,814	106,563
100	NationsBank Corporation 6.60% 05/15/10	101,946	108,417
	Total Corporate Bonds	$ **817,472**	$ **842,996**
Corporate Convertibles			
22	Parker Drilling 5.50% 8/1/2004-2001	$ 20,050	$ 22,110
	Total Corporate Convertibles	**20,050**	**22,110**
Corporate Preferred Stock			
500	Globalstar Telecom, Ltd. 8% 2/15/11	21,295	30
	Total Corporate Preferred Stock	**21,295**	**30**
U.S. Treasury Notes			
53	U.S. Treasury Inflation Protection Securities "TIPS" 4.25% 01/15/10	51,661	64,116
102	U.S. Treasury Inflation Protection Securities "TIPS" 3.50% 01/15/11	103,612	120,091
	Total U.S. Treasury Notes	$ **155,273**	$ **184,207**
Total Income Instruments		$ **1,014,090**	$ **1,049,343**
Total Cash Equivalents		$ **262,236**	$ **262,236**
Total Income Fund Assets		$ **1,276,326**	$ **1,311,579**
Total Portfolio Assets		$ **2,548,111**	$ **2,771,710**

INCOME FUND



Units		Sales Price	Net Cost	Profit [Loss]
Growth Fund -				
2,000	Boston Beer Company	31,678	14,860	16,818
2,000	Bradley Pharmaceuticals, Inc.	53,815	27,467	26,348
1,000	Brown & Brown, Inc.	40,509	60,015	(19,506)
3,000	Chicago Pizza & Brewery, Inc.	44,107	21,266	22,841
7,125	Corillian	35,073	33,666	1,407
900	Corvel Corporation	31,972	30,318	1,654
1,000	Exelon Corporation	61,967	44,110	17,857
3,000	Embrex, Inc.	35,732	27,267	8,465
400	General Dynamics Corporation	31,915	19,771	12,144
8,000	Infinity, Inc.	29,310	42,230	(12,920)
5,800	MFC Bancorp, Limited	67,346	46,692	20,654
2,000	MIMS Corporation	15,541	20,520	(4,979)
7,125	Mymetics Corporation	29,024	12,647	16,377
2,000	Perry Ellis International	49,898	16,041	33,857
1,000	Renal Care Group, Inc.	39,498	32,567	6,931
1,000	Stericycle, Inc.	49,189	31,994	17,195
3,600	White Electric Designs Corporation	27,827	32,475	(4,648)
	Total Sales Growth Fund	$ 674,401	$ 513,906	$ 160,495
Income Fund -				
40	Coeur D'Alene Mines Corporation 7.25% 10/31/2005–2000	40,363	24,108	16,255
100	Hershey Foods Corporation 6.95% 3/1/2007	110,475	99,385	11,090
100	Time Warner, Inc. 8.18% 8/15/2007	111,250	105,040	6,210
100	Lehman Brothers, Inc. 6.63% 2/15/2008	106,500	102,406	4,094
100	CitiGroup, Inc. 7.25% 10/1/2010	111,350	107,260	4,090.00
	Total Income Fund Sales	$ 479,938	$ 438,199	$ 41,739
Total Portfolio Sales		$ 1,154,339	$ 952,105	$ 202,234

Class of 2004

(left to right - next page)
Row 1: Emma Åström, Jessica Butcher and Asya Kurmangalinova
Row 2: Kevin Burd, Brandon Waters, Stefan Moroney and Dr. K. C. Ma
Row 3: John O'Brien, Frederik Lie and Jordan Hedge
Row 4: Kevin Notaro, Daniel Haines, Mikkel Finstad, John Bartha
Row 5: Sean Gorman, Ray Underwood, Phil Reagan, Chris Bentley, Kevin Craig and Jason Buser

(Not pictured: Todd Dorsey, Bryan Lauer, John Martz, and Andy Sutherland)

Units		Cost
Growth Fund		
700	American Italian Pasta Company	25,878
850	Anteon International Corporation	30,262
2,600	Collagenex Pharmaceuticals, Inc.	30,992
5,870	Corillian Corporation	33,666
2,007	Cyberguard Corporation	22,515
7800	Dicks Sporting Goods, Inc.	35,301
2,500	Netsmart Technologies, Inc.	31,025
2,000	Satyam Computer Services, Ltd.	34,020
1,400	Surmodics, Inc.	31,590
750	United Natural Foods, Inc.	27,816
1,500	United Online, Inc.	26,880
	Total Growth Fund Purchases	$ 329,945
Income Fund		
100	Arrow Electronics 7% 01/15/07	107,850
100	Bankers Trust NY Corporation [a] 7.375% 05/01/08	111,373
100	Union Carbide [b] 6/7% 04/01/09	102,250
100	Electronic Data Systems, Inc. 7.125% 10/15/09	101,811
	Total Income Fund Purchases	$ 423,284
Total Portfolio Purchases		$ 753,229

[a] Originally listed as Deutsche Bank
[b] Originally listed as Dow Chemicals

Statement of Operations

Income:						
Dividends					$	11,360
Interest						61,985
					$	73,345
Expenses:						
Custodial Fees	$					
Administrative Expenses		336,272[a]				
					$	336,272
Net Investment Income:					$	-262,927
Realized Gain [Loss] on Investments:						
Proceeds from Securities Sold	$	1,154,339				
Cost of Securities Sold		952,105				
Net Realized Gain [Loss] on Investments			$	202,234		
Net Decrease in Unrealized Appreciation on Investments:						
Market Value of Holdings	$	2,103,180				
Cost of Holdings		1,879,581				
Unrealized Appreciation - 5/31/04		223,599				
Less Unrealized Appreciation - 5/31/03		251,328				
Increase [Decrease] in Net Unrealized Appreciation			$	-27,729		
Net Realized Gain [Loss] and Increase [Decrease] in Net Unrealized Appreciation:					$	174,505
Net Decrease in Assets Resulting from Operations:					$	**-88,422**

[a] - 2003-2004 administrative expenses deducted after May 31, 2004.

Program Lecturers

ARELLANO, RICHARD C.	Equity Market Maker, Jefferies and Company, Dallas, TX. 1998, 2004.
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.	Director of Global Investments, PanAgora Asset Management, Sunbury, MA. 1998-1999, 2002-2004.
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. 2001-2004.
KALISH, JOSEPH	Fixed Income Strategist, Ned Davis Research, Inc., Sarasota, FL. 2003.
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.

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	Founder and Managing Partner, Dennard Rupp Gray & Easterly, LLC, Atlanta, GA. Stetson graduate (BBA 1993). 1999.
SCHUMACHER, ROBERT	Director and Senior Fixed Income Portfolio Manager, Evergreen Investment Management Company, LLC, Jacksonville, FL. 1990–2004.
SERIO, MICHAEL J., CFA	Senior Vice President, Stein Roe Investment Counsel, Chicago, IL. 1998, 2002-2004.
STOVALL, ROBERT, CFA	Managing Director, Wood Asset Management, Inc., Sarasota, FL; formerly 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. 1989–2004.
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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