Roland George Investments Program

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2004-2005 Annual Report

Roland George Investments Program
School of Business Administration
Stetson University

Telephone: (386) 822-7442

James H. Scheiner, Ph.D.
Dean

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

Lawrence J. Belcher, Ph.D.,
Director

Lynn Thompson,
Administrative Secretary,
Publications Specialist

Pictured on cover: Arthur Bom Conselho "rides the bull" on Wall Street; RISE team Jason Buser, B. J. Gilcher, Nicole Galinat and Gerri Catha; Central Park art exhibit; 2005 competition 1st place trophy.

Eugene M. and Christine Lynn Business Center

Photo by Lynn Thompson

Contents

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.

"Student managed funds were a rarity on the university scene..."
by Larry Belcher, Director

As the Roland George Investments Program enters its 25th year, the landscape has changed significantly around us in many ways. I came to Stetson University in 1990, in the tenth year of the program. At the time, the School of Business was primarily housed in Davis Hall on the DeLand campus. The Finance Department, including the George Program, was across the parking lot in the Flagler Hall basement. The offices of Dr. Andy Lerro and Dr. Mike Boyd were below "sea level" and prone to flooding. My office had left its former life as a broom repository behind to become an area where two people would quickly exhaust available oxygen supplies. Dr. Tom Bear had to maneuver around a concrete support column just to get to his desk. The Roland George Investments Program had a separate room with Dr. Jim Mallett that was also not very big. Lynn Thompson was not here yet, and Marie Gilotti split time as both Finance department secretary (mornings) and George Program secretary (after lunch). Computer facilities for everybody were few and far between. And yet, generations of Stetson University George students were thriving with these limited facilities. Speakers like the late Carter Randall and the late Gerald Kennedy were consummate professionals that lent the air of external professionalism the George family had envisioned when they endowed the program. The value of both funds was at the time an impressive $1 million or so. Student managed funds were a rarity on the university scene, as university administrators blanched when given the thought of letting undergraduates manage "real money". Heaven help us — they might actually make mistakes and learn from them!

Fast forward to today. The Finance Department is housed in the nicest facility on campus, the totally renovated Lynn Business Center, which is also one of the finest facilities in the region. Faculty members have new offices and classrooms outfitted with the latest technology and the capability to do fantastic research as well as teach in the most advanced and comfortable environment that most of us have ever seen. The George students have progressed from a small research room in the old Lynn Center that was an office, to a temporary closet in the Bank of America building, to a modern research room with advanced technology. This large room has fast computers with dual flat–panel monitors, a real time ticker and data wall, a printer, and advanced software from Bloomberg, Baseline, Reuters/Bridge, and Thomson Financial. Flat–panel plasma televisions display current news from MSNBC. Students can prepare their reports, which are very complex and well done, in a comfortable environment that earlier students are amazed to see.

The landscape in other universities has changed as well. Student–managed funds are no longer seen as an unproven experiment and are now viewed as a necessity to proper financial education by many schools. The number of student–managed funds has grown in the United States to around 200, with more all the time. Last summer, in one week, I fielded calls from New York University and the University of Chicago regarding such programs. I usually average two or three calls a semester asking about how to start or improve student–managed fund programs. I do panel presentations at professional conferences, and our program always stands out in its quality and uniqueness. The trend is now global, as well. There are now funds in Mexico, Canada, and Israel. Dr. Jim Mallett recently returned from China and has drafted a proposal to create a global student–managed fund template to be used by schools in Asia and other parts of the world. Even with this growth, our program remains distinct in a major way — our students have their own, separate endowment that they manage and report to by themselves. They are not "outside managers" of a piece of the University endowment or for an outside foundation. This was one of the sheer strokes of genius from the University and the representatives of the George family. This freedom allows the students to manage as they see fit and be accountable for their decisions. It also allows them to share in their own success through scholarships, travel, and program resources. It is unlikely that this would occur under a different setup.

Our curriculum is a model for other schools, as well. We have an in–house faculty member that has a primary responsibility to teach students the academic basics of portfolio management as well as the practical aspects. We have a multi–semester program that gives academic credit as well as a selection procedure that insures we get the best and brightest students in the program. These foundations have been passed on by very successful practitioners like Carter Randall, Gerry Kennedy, Max Zavanelli, Ned Schmidt, Frank Castle, and K.C. Ma. All of these individuals had long tenures as George professors and Carter Randall and Gerry Kennedy stayed in close contact with the program until they passed away. Current speakers like Robert Stovall, Max Zavanelli, Brian Bruce, Tim Hayes, Robert Serio, and Robert Schumacher represent the best of current practice in research, analysis, and portfolio

(continued on page 8)

$500,000 donation gives students first–hand investing experience

By JULES LOH
Associated Press

EUSTIS – Well-to-do widow donates $500,000 to small university.

So? Nothing too unusual about that. But, wait.

The recipient is Stetson University, in nearby DeLand. Stetson is not a large school, but its standards are high and it is well regarded for its program in business administration.

THE DONOR is Sarah George. Mrs. George is 80. She lives modestly in a small brick house on an unpretentious street. Her years have not dulled her sense of perspective. Nor her sense of humor. Nor, clearly, her sense of adventure.

That becomes apparent when you take a look at the strings that sprightly lady attached to her half-million-dollar gift.

Her husband, Roland George, died last year. He was in good health until a month before his death, at 93, and never retired from his lifetime passion, which was playing the stock market.

"It was both his business and his hobby," Mrs. George recalled. "He was an investor. He never tired of it. In his last days, he read the market quotations with a magnifying glass.

IN ALL HIS years as a Wall Street investor, Roland George had occasion to train many young people entering the investments field. He detected in them a pervasive flaw.

"Roland was a down-to-earth man," Mrs. George said. "It annoyed him that colleges could teach only theory. The students used play money. They took no real risks. He felt the only way to learn investing was actually to do it."

So, in memory of her husband, Mrs. George approached Stetson University with this proposition:

She would give Stetson University $500,000 provided the students in an advanced course in investments control the whole bundle, and speculate with it themselves, win or lose. Dicey.

"If they lost it," Mrs. George said, ever so softly, "Well, they will have learned something by the experience.

"If they make money, they are to use the earnings to pay a salary for a visiting instructor. Not an academician," she said, her voice firm, "but somebody who will take time off from Wall Street for a semester. A practicing investor."

The Georges, Roland and Sarah, knew what it was like to be both up and down financially.

AP

Mrs. George approached Stetson University administrators with the proposal, which they eagerly accepted.

DURING THE Depression, Roland George walked the streets of New York for two years and was on the verge of going back to the Pennsylvania dairy farm where he grew up before he finally landed a job at a bank.

Sarah, meanwhile, worked as a librarian and kept house in their apartment in Greenwich Village. They had no children.

"We lived on Roland's salary and invested mine," she said. "That's how it all began, very small. He made much more than he lost. I was surprised at the size of the estate."

Needless to say, Stetson University was surprised, too. Mrs. George's offer, of course, was snapped up.

"I know of no other school with a program like this," said David Nylen, dean of the business school. "We intend to focus on this program, really do it right.

"This investment fund should generate enough money, enough profits, to attract recognized experts, to provide scholarships, to build a fine reference collection. That is, of course, if all goes well."

If. Isn't that the little word Roland George had in mind?

Presently issued as a reprint from the St. Petersburg Times, November 9, 1980, with permission by the Associated Press, New York, as found in the ProVeritate, Summer 1981 issue.

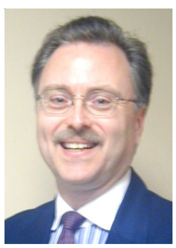
*"...exposing students to experienced investment managers...
ideal to prepare for a career in investments..."*

— FACULTY —

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

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

— GUEST SPEAKERS —



Brian R. Bruce
Director of Global Investments,
PanAgora Asset Management
Sudbury, MA
Spring 2005

Robert C. Schumacher
Evergreen Investment
Management Company, LLC
Jacksonville, FL
Spring 2005

Michael J. Serio, CFA
Director and Investment Counselor,
Citigroup Private Bank,
Denver, CO
Fall 2004

Max Zavanelli
Founder,
Zavanelli Portfolio Research, Inc.,
Orange City, FL
Fall 2004

Robert H. Stovall, CFA
Managing Director,
Wood Asset Management, Inc.,
Sarasota, FL
Spring 2005

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 future 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 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:

- An investment forecast horizon of 12–18 months
- A preference for small cap stocks with market capitalization between $100 million and $2 billion
- A move into service and defensive industries in anticipation of economic slowdown; less concentration in manufacturing and discretionary sectors
- Price/Earnings Ratios less than 18
- Price–to–book ratios less than 2.5
- 3 or fewer analysts covering the stock
- Concentration on liquid companies
- No recent large price gains.

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 establish target prices for companies. 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 typical horizon for the students in the George Program is 12–18 months. This year, the students saw several increases in the interest rate targets set by the Federal Reserve. There was a consensus that there would be a 50 basis point increase in interest rates as the year progressed. All signals pointed to continued economic recovery, and long–term interest rates cooperated by staying low despite the increases at the short end. With prospects staying fairly bright, the students began to move into service oriented and consumer companies with the expectation that they would prosper with growth. Companies like Buckle and InterParfums are higher end retailers that should do well as the economy prospers. Glacier Bancorp is a regional bank holding company in the Pacific Northwest that has had steadily rising returns for several years. And in a different twist, the students invested in CEDC, a central European distributor of wine and spirits in Poland that had tremendous growth prospects. This company spiked in value very quickly and was sold for a healthy gain. Companies in telecom and information technology have always been hard to analyze and so they have been under–weighted in our portfolio relative to the S&P 500. With the graying of the Baby Boom generation, the students looked harder at health care companies this year. As a result, we are also over–weighted in that sector relative to the S&P 500. With these choices, the portfolio has performed several percentage points above its benchmark for the year.

The Roland George Investments Program has traditionally had an advantage in consumer-oriented companies and has played off those strengths to enjoy superior returns over time. The students meticulously analyze companies and pay attention to detail in their research. This has and will continue to be the formula for success for the students in the Roland George Investments Program.

Information compiled by
Nicole Galinat and Jason Buser

Income Portfolio Strategy

This year was one that saw things that were difficult to quantify. Despite repeated increases in short–term interest rate targets by the Fed, long–term interest rates stayed low. How difficult was that to figure out? No less than Alan Greenspan, Chairman of the Federal Reserve, referred to the phenomenon as a "conundrum". This led to an economy that continued to grow at a respectable pace, and a housing market that continued to sizzle into the summer. This led the students to look at the portfolio with two views in mind: one of current low interest rates and one where rates will certainly begin to rise in the future. With huge budget deficits and growing trade deficits, there is concern that sooner or later long rates will catch up and be bad news for the bond markets. Newer bonds would be issued at higher yields, but the market value of current portfolio holdings would be adversely affected by rising rates. Given the choice between possible higher reinvestments and market risk for the existing portfolio, the student analysts decided to take precautionary actions to reduce the interest rate risk threat. The basic parameters of the portfolio were as follows:

- ❖ Consensus 50 basis point increase forecasted in interest rates
- ❖ Consider portfolio holding period
- ❖ Consider credit rating of bonds in the portfolio as well as new additions
- ❖ Consider overall portfolio maturity
- ❖ Consider overall portfolio duration
- ❖ Maintain acceptable level of coupon income from portfolio

Based on the consensus interest rate forecast and the desire to preserve coupon income with less risk of capital loss, the following specific performance goals were outlined:

- ⌘ Maximize total portfolio return while generating at least $60,000 per year in portfolio income
- ⌘ Average portfolio duration of no more than 5 years
- ⌘ Bonds rated no lower than BB
- ⌘ No more than 30% of portfolio in any single industry

To meet these goals, bonds were swapped that maintained sufficient income but had lower durations. This shortening of the portfolio was felt to protect it against rising rates. There were still sufficient amounts kept in money market and Treasury instruments for risk reduction. One problem with the portfolio became apparent this year, and that is its illiquidity due to small size. In two attempts, one of the bond purchases could not be executed because the broker could not find the other side of the transaction.

Income Fund Update

Again this year, the students finished first in the Fixed Income Portfolio at the University of Dayton RISE Symposium. Overall portfolio returns for the 2004 calendar year were 3.48%. After the portfolio changes in the spring, the returns were lower but that was to be expected. By moving down the term structure to a shorter duration and taking less risk to preserve capital, the George students sacrificed some returns. If the anticipated rate changes do occur, then the portfolio will be protected against further depreciation. The risk in the strategy is that the economy stays strong with low rates. The portfolio may suffer lower returns in that case, but the safety in such a small portfolio is one reason to do so.

Synopsis provided by
Nicole Galinat and Jason Buser

Merit Scholars — 2004–2005

Left to right:
row 1: Nicole Galinat and Gerri Catha
row 2: B. J. Gilcher, Miguel Gil, Abhimanyu Mukherjee and Joseph Troendle
row 3: Edward Johnson, Anders Asheim, Vittorio Fratta and Jason Buser

25th Year in Review (continued from page 3)

management techniques. Another advantage is that the program is sufficiently old as to have produced its own alumni who are now contributors to the program as speakers. Kurt Tesh, Chuck Bryant, Kipp Rupp, and Eric Cinnamond are examples of alumni who are now successful managers in their own right from among countless other successful alumni.

Over the last five years, we have seen another aspect of student–managed fund programs appear on the scene. Each spring, the University of Dayton has sponsored an impressive program known as the RISE Symposium — Redefining Investment Strategy Education. This multi-day affair boasts some of the cream–of–the–crop financial analysts, strategists, and commentators. Each year there has also been a portfolio competition for student programs. There have been, at various times, five categories: equity growth, equity value, equity blend, alternative investments, and fixed income. Our record is unmatched by any other school: First Place Blend, First Place Value, Second Place Growth, First Place Fixed Income, First Place Fixed Income. Five competitions — four firsts, one second! We were named a CNBC/NYSE Top Ten Student–Managed Fund. Our team participated in the "ringing of the bell" ceremonies opening a day on NASDAQ. We were the first multiple winner. We have won or placed in more categories than any other school. In other words — we came, we saw, and we conquered. All kidding aside, our program represents one of the best there is; and it has been a process of gradual improvement every year by a lot of talented people.

This document itself is another testimony to the growth and quality of the program. As you read our newsletters and the annual reports, do you stop and look at the quality of the product? The photos, the stories, the layout, the covers? As I said before, when I got here Lynn Thompson had not yet been hired. When she joined the George Investments Institute, she brought a new set of skills to the program. The layouts, photos, even the paper selection is handled by Lynn. This has made our publications the envy of many other programs. Whenever I travel, I take them with me. They serve as another reminder of both how far we have progressed as well as how far beyond other programs we are. I have yet to see publications from other schools that match ours in terms of consistent quality and appearance. I am not alone in that opinion.

What do the coming years hold? I'm sure that there will be the usual market ups and downs. Our portfolio currently is a hair's breadth from $3 million. We would like to add more assets under management in the form of another fund. We currently have a real estate course being taught in the Finance Department. There are many possibilities for integrating that into our educational objectives. We are reaching out to magnet finance programs and other premier high school programs to recruit students. We would like to continue being the lead school in terms of student–managed fund resources. And the list goes on.

Finally, 25 years of success is the product of vision, resources, and execution. The George family, Mr. Frank Gaylord, and President Lee along with others had a vision for this program that is being progressively unfolded. Current Dean Jim Scheiner as well as past Deans like Paul Dascher and David Nylen saw and continue to see the merits of the program. Directors Mike Boyd and Jim Mallett have been people who have assisted the program to grow and prosper. The speakers, faculty, and students that have participated in and continue to participate in the program have elevated its stature among other programs here and in the world. Support staff like Lynn Thompson and Marie Gilotti have enabled us to function effectively and efficiently. All of these elements have combined to make the last 25 and the next however many years a pleasure to be a part of.

G. Michael Boyd, Ph.D., Retires

With 25 years of service, Dr. Mike Boyd announced his retirement in the Finance Department of the School of Business Administration at Stetson University. Ironically, he began teaching here around the same time that our Investments Program started.

Dr. Boyd was appointed to serve on the steering committee to work out the structure of the academic courses, initially prepare budgets based on projected growth and develop criteria with which the Program would operate. Mike then served as program director during the 1983–1985 academic years.

Mike's teaching was concentrated on Financial Management (Capital Budgeting) and Business Finance on the undergraduate level as well as the MBA. He obtained the rank of full professor in 1993. His Ph.D. was defended at Florida State University in 1979.

At his informal retirement gathering aboard The Beresford Lady riverboat, he enjoyed talking of his plans to devote his time to other personal interests — fishing and photography being a few.

It is with gratitude for his contributions to the Roland George Investments Program, as well as the Finance Department, that we wish Dr. Mike Boyd all the best!

Dr. Mike Boyd, pictured with Dr. Larry Belcher and Dr. K. C. Ma, is awarded a plaque at the annual Roland George Investments Program class dinner.

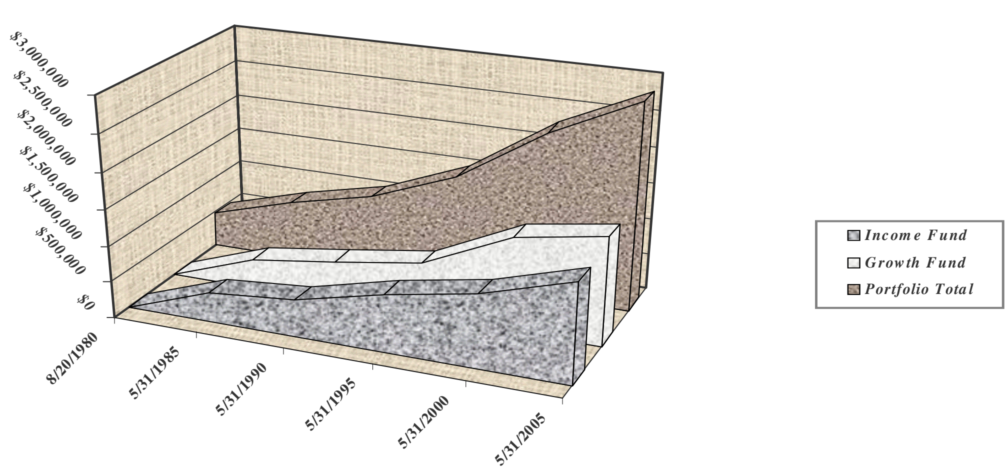
Summary of 25–Year Performance
5/31/2005

Date	Income	Growth	Total
08/20/80		**initial gift**	$ 481,499
05/31/81	$ 233,722	$ 297,354	531,076
05/31/82	337,559	264,303	601,862 [a]
05/31/83	374,161	407,186	781,347
05/31/84	344,588	315,376	659,964
05/31/85	402,196	410,290	812,486
05/31/86	471,512	476,936	948,448
05/31/87	476,248	498,175	974,423
05/31/88	467,783	434,509	902,292
05/31/89	496,747	475,699	972,446
05/31/90	509,761	569,591	1,079,352
05/31/91	579,978	537,431	1,117,409
05/31/92	616,547	562,297	1,178,844
05/31/93	687,708	778,023	1,465,731
05/31/94	779,942	775,785	1,555,727 [b]
05/31/95	790,106	749,717	1,539,823 [b]
05/31/96	792,512	882,426	1,674,938 [b]
05/31/97	798,163	904,564	1,702,727 [b]
05/31/98	1,027,786	975,195	2,002,981 [b]
05/31/99	1,021,160	1,113,886	2,135,046 [b]
05/31/00	1,004,273	1,298,380	2,302,653 [b]
05/31/01	1,218,729	1,468,381	2,687,110 [b]
05/31/02	1,319,005	1,481,500	2,800,505 [b]
05/31/03	1,517,821	1,324,353	2,842,174 [b]
05/31/04	1,308,252	1,484,329	2,792,581 [b]
05/31/05	1,370,963	1,491,731	2,862,694 [b]

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

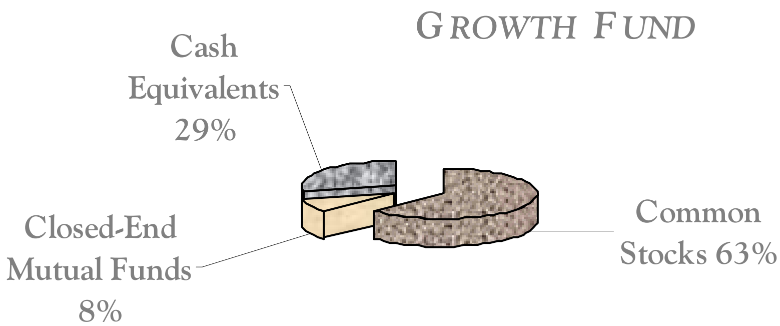
In establishing the Growth and Income funds, the charter establishing the Roland George Investments Fund set an asset allocation of fifty percent to the Growth Fund and fifty percent to the Income Fund. Therefore, funds are periodically transferred between funds to keep that balance.

Total Portfolio Value



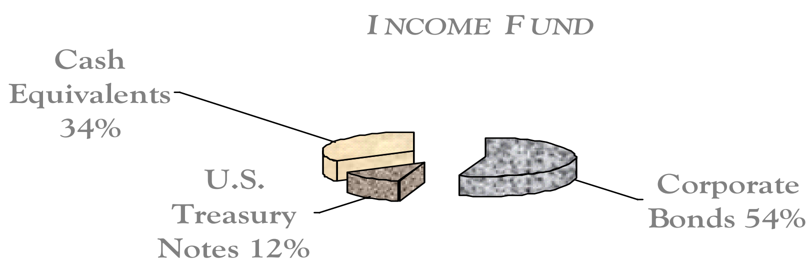
Portfolio Assets
Appendix B
Growth Fund
5/31/2005

Shares		Cost	Market
Common Stocks			
5,000	American Bank Note Holographics, Inc.	$ 19,135	$ 19,500
1,000	Analogic Corporation	41,330	42,490
850	Anteon Intl Corporation	30,243	37,562
25	Berkshire Hathaway, Inc.	42,620	70,250
1,700	Blue Earth Refineries, Inc. (Spinoff: MFC Bancorp)	0	3,230
5,000	Brigham Exploration Company	44,429	42,300
1,500	Buckle, Inc.	47,015	59,190
5,500	Comfort Systems USA, Inc.	38,554	34,595
5,000	Fox & Hound Restaurant Group (formerly Total Entertainment Restaurant Corp.)	40,490	61,500
1,500	Glacier Bancorp, Inc.	39,715	35,025
2,000	Hi-Tech Pharmacal Company, Inc.	36,057	60,120
3,000	Inter Parfums, Inc.	44,408	53,250
2,400	Medical Action Industries, Inc.	26,070	42,552
5,000	Misonix, Inc.	43,370	28,810
1,500	Molecular Devices Corporation	36,260	28,980
2,000	NBTY, Inc.	30,368	44,480
5,250	Rocky Mountain Chocolate Factory, Inc.	51,450	123,690
2,000	Satyam Computer SVCS, Ltd.	34,020	49,420
2,000	Seracare Life Science, Inc.	23,425	27,060
2,000	WCI Communities, Inc.	52,005	59,800
1,000	Weight Watchers International, Inc.	47,825	48,650
4,000	1-800-Flowers.com, Inc.	31,718	29,640
	Total Commons Stocks	**$ 800,507**	**$ 1,002,094**
Closed-End Mutual Funds			
1,400	AIM Avantage Health Science Fund	22,568	20,944
12,000	Templeton Global Income Fund, Inc.	80,850	105,960
	Total Closed-End Mutual Funds	**$ 103,418**	**$ 126,904**
Total Securities		**$ 903,925**	**$ 1,128,998**
Total Cash Equivalents		**$ 362,733**	**$ 362,733**
Total Growth Funds Assets		**$ 1,266,658**	**$ 1,491,731**



Portfolio Assets
Appendix B (cont.)
Income Fund
5/31/2005

Units		Cost	Market
Corporate Bonds			
100	Bankers Trust New York Corporation	$ 111,618	$ 108,848
100	DaimlerChrysler North America	97,500	97,410
100	Electronic Data Systems Corporation	101,811	107,615
100	Ford Motor Company	99,900	97,667
100	Ford Motor Credit Company	101,791	100,960
100	Goldman Sachs Group, Inc.	104,814	111,250
100	Nationsbank Corporation	101,946	109,502
	Total Corporate Bonds	$ 719,380	$ 733,252
U.S. Treasury Notes			
50	U.S. Treasury Inflation Protection Securities "TIPS" 4.25% 01/15/10	51,661	65,168
100	U.S. Treasury Inflation Protection Securities "TIPS" 3.5% 01/15/11	103,612	124,064
	Total U.S. Treasury Notes	$ 155,273	$ 189,232
Total Income Instruments		$ 874,653	$ 922,484
Total Cash Equivalents		$ 448,479	$ 448,479
Total Income Funds Assets		$ 1,323,132	$ 1,370,963
Total Growth Fund Assets		1,266,658	1,491,731
Total Portfolio Assets		$ 2,589,790	$ 2,862,694



Roland George Investments Program

Visiting Professors		Directors	
B. Carter Randall	1981	Kenneth L. Jackson	1980-1982
Gerald T. Kennedy	1982-87	G. Michael Boyd, Ph.D.	1982-1985
B. Carter Randall	1988-91	James E. Mallett, Ph.D.	1985-2002
Max Zavanelli	1991-94	Lawrence J. Belcher, Ph.D.	2002-Present
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		

Transactions
Appendix C
Sales

Units		Sales Price	Net Cost	Profit (Loss)
Growth Fund				
700	American Italian Pasta Company	$ 14,872	$ 25,878	$ -11,006
1,000	Arkansas Best Corporation	41,103	23,100	18,003
1,000	Brown & Brown, Inc.	45,316	30,008	15,308
1,800	Central European Distr. Corporation	58,089	41,145	16,944
2,600	Collaganex Pharmaceuticals	12,621	30,992	-18,371
5,870	Corillian	29,024	33,666	-4,642
2,007	Cyberguard Corporation	10,796	22,515	-11,719
1,400	Dicks Sporting Goods, Inc.	50,423	35,287	15,136
1,000	Gentex Corporation	32,447	5,360	27,087
1,200	MBIA, Inc.	73,828	37,598	36,230
1,700	MFC Bancorp	32,368	13,685	18,683
1,673	National–Oilwell Vargo, Inc.	74,544	34,196	40,348
2,500	Netsmart Technologies, Inc.	20,529	31,025	-10,496
1,600	Rocky Mountain Chocolate Factory, Inc.	20,769	14,252	6,517
1,000	Sovran Self Storage, Inc.	39,691	43,039	-3,348
1,400	Surmodics, Inc.	42,081	31,590	10,491
1,500	United Natural Foods, Inc.	37,270	27,816	9,454
1,500	United Online, Inc.	15,161	26,880	-11,719
1,000	WorldCom, Inc.	0	14,520	-14,520
	Total Sales Growth Fund	**$ 650,932**	**$ 522,552**	**$ 128,380**
Income Fund				
100	Arrow Electronics, Inc. 7.25% 01/15/07	103,200	110,163	-6,963
100	Dow Chemicals (Union Carbide) 6.70% 4/1/09	101,000	103,031	-2,031
100	Hershey Foods Corporate Notes 6.95% 03/01/2007	109,049	99,385	9,664
100	Tommy Hilfiger USA, Inc. 6.85% 6/1/08	102,828	94,760	8,068
30	Parker Drilling 5.50% 8/1/04	35,411	20,050	15,361
*100	Hershey Foods Corporate Notes 6.95% 08/15/2012	112,174	119,386	-7,212
	Total Sales Income Fund	**$ 563,662**	**$ 546,775**	**$ 16,887**
Total Portfolio Sales		**$ 1,214,594**	**$ 1,069,327**	**$ 145,267**

*Broker error

Class of 2005
(left to right - next page)
Row 1: Dr. Larry Belcher, Jason Orrico, Joseph Troendle, Gerri Catha, Grace Brabham, Joseph Matuszczak and Dr. K. C. Ma
Row 2: Miguel Gil, Abhi Mukherjee, Nicole Galinat, James Simcoke and William Gilcher
Row 3: Vittorio Fratta, Anders Asheim, Alex Kajan and Ben Johnson
Row 4: Joseph Kurelic, Jason Buser, Edward Johnson, Arthur Bom Conselho, Daniel Gay and Mikkel Finstad

(Not pictured: Jurabek Azimov, Albert Boafo, Kathleen Costello, Victoria Dillon, Brian Duncan, Brent Hamilton, Carl Keever, Steven Mach, Samuel Petrecky, Joshua Prybyla, Gerant Qosja, Scott Rosenblum, Matthew Rowley, Scarlett Ruth, Michael Sabonjohn, Nicholas Trueblood and Andrew Welch)

Transactions
Appendix C (cont.)
Purchases

Units		Cost	
Growth Fund			
5,000	American Bank Note Holographics, Inc.	$	19,135
1,000	Analogic Corporation		41,330
5,000	Brigham Exploration Company		44,429
1,500	Buckle, Inc.		47,015
1,800	Central European Distr. Corporation		41,145
5,500	Comfort Systems USA, Inc.		38,554
1,500	Glacier Bancorp, Inc.		39,715
2,000	Hi-Tech Pharmacal Company		36,057
3,000	Inter Parfums, Inc.		44,408
1,500	Molecular Devices Corporation		36,260
2,000	Seracare Life Sciences, Inc.		23,425
1,000	Sovran Self Storage, Inc.		43,039
2,000	WCI Communities, Inc.		52,005
	Total Growth Fund Purchases	**$**	**506,517**
Income Fund			
100	DaimlerChrysler North America 06/04/08 4.05%	$	97,500
100	Ford Motor Company 10/01/08 7.25%		99,971
*100	Hershey Foods Corporate Notes 6.95% 08/15/2012		119,386
	Total Income Fund Purchases	**$**	**316,857**
Total Portfolio Purchases		**$**	**823,374**

*Broker error

Statement of Operations
Appendix D
June 1, 2004 – May 31, 2005

Income:			
Dividends			$ 6,038
Interest			80,320
			$ 86,358
Expenses:			
Custodial Fees	$		
Administrative Expenses	177,566 [a]		
			$ 177,566
Net Investment Income:			$ -91,208
Realized Gain [Loss] on Investments:			
Proceeds from Securities Sold	$ 1,214,594		
Cost of Securities Sold	1,069,327		
Net Realized Gain [Loss] on Investments		$ 145,267	
Net Increase in Unrealized Appreciation on Investments:			
Market Value of Holdings	$ 2,862,694		
Cost of Holdings	2,589,790		
Unrealized Appreciation - 5/31/05	272,904		
Less Unrealized Appreciation - 5/31/04	223,599		
Increase [Decrease] in Net Unrealized Appreciation		$ 49,305	
Net Realized Gain [Loss] and Increase [Decrease] in Net Unrealized Appreciation:			$ 194,572
Net Increase in Assets:			**$ 103,364**

[a] - 2004-2005 administrative expenses deducted after May 31, 2005.

Program Lecturers
Appendix E
1998–2005

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, 2002-2005.
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.; 1998-2001 Roland and Sarah George Visiting Professor of Applied Investments. 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.

Program Lecturers
Appendix E (cont.)
1998–2005

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. 1990–2005.
SERIO, MICHAEL J., CFA	Senior Vice President, Stein Roe Investment Counsel, Chicago, IL. 1998, 2002-2005.
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. 1989–2005.
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, 1991–2005.

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