



ROLAND GEORGE INVESTMENTS PROGRAM

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2006-2007 ANNUAL REPORT

ROLAND GEORGE INVESTMENTS PROGRAM
SCHOOL OF BUSINESS ADMINISTRATION
STETSON UNIVERSITY

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EUGENE M. AND CHRISTINE LYNN BUSINESS CENTER



Photo by Lynn Thompson

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ACKNOWLEDGEMENT

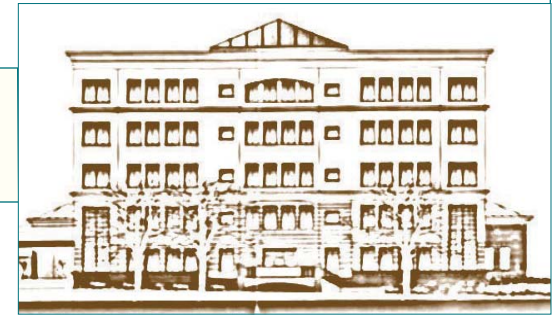
The Roland George Investments Program was established at Stetson University through a gift made in 1980 by the late Mrs. Sarah George. This innovative program was designed to:

- ◆ 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.

BY LARRY BELCHER

For the first time in a long time, . . . we had more employers looking for candidates than we had students to send them!



This year was another interesting and successful year for the Roland George Investments Program. For the first time in a long time, as least as far as my memory goes, we had more employers looking for candidates than we had students to send them! This seems to mirror a trend that I am seeing in the Finance Department. After a few years of smaller numbers of majors, the popularity of finance as a discipline seems to be on the rise again. Whether this is a function of normal market dynamics like starting salaries or the popularity of the discipline among newer generations of students, I don't know. The George Program remains one of the most recognized programs in the entire university and I think we have one of the strongest departments on campus in terms of our faculty. There will certainly be others that might take me to task on these statements, but the fact of the matter is that we had the highest number of declared business majors (behind general business) in this fall's incoming class. It also seems (and this is casual empiricism at its best) that we had a record number of students transferring into finance as a major from other majors on campus.

The Roland George Investments Program is clearly a big part of the popularity, but the quality of the faculty and our curriculum as well as the jobs outlook certainly is affecting this. It is a self-fulfilling prophecy in a good way: more and better jobs bring more majors and better students, who then make good employees in those good jobs. We also have been increasing our internship activity, with a number of students receiving full-time job offers as a result. Again, this speaks to the quality of the program, the curriculum, and the faculty.

Another first this year was the addition of Dr. Christopher Tobler to the Finance Department faculty. After two years of extensive searches and the review of over 300 applications, we are fully staffed in the department again for the first time in 3 years. Chris has experience in the publishing industry as part of a business journal in his native Arkansas as well as an M.B.A. and Ph.D. in Finance from the University of Arkansas.

Dr. Tobler will be teaching primarily corporate finance classes but will also teach international finance at the M.B.A. level and will swap out with me to teach

the derivatives class. If you get a chance to meet Chris, please join us in giving him a warm welcome to the Stetson finance community.

In terms of the portfolio, we had a lot of cash last year and were not fully invested. This did not stop us from claiming another first place at the RISE competition last year. For another year, we came away with a first place finish in the undergraduate fixed income category. For the record, our risk-adjusted competition return was over 15%. In a world where basis points over a benchmark separate the best fixed income managers from the pack, this was astounding. It was so far above my expectations that I calculated the return three times and had Dr. Ma check it out as well before I submitted it! We bought some more bonds and changed out a few so as to modify our industry mix as well as our duration. Hopefully this will pay off. I am always reluctant to mess with the bond portfolio because of high transactions costs, but obviously whatever the students have done in recent history has worked, so I probably should just keep my mouth shut and execute the trades!

On the equity side, the students again adjusted the portfolio's industry mix to reflect where they thought areas of strength and weakness were. In addition, some of our positions had grown very large due to significant appreciation in the company's value. Therefore we pared back some positions to free up cash as well as restructure the portfolio. We probably are beginning to have too many names in the portfolio, so I believe that in the fall we will change its structure even more. Substantial changes in market conditions as a result of the subprime fallout will also necessitate a hard look at what our holdings are. However, I remain confident that we will adapt to conditions and do what is necessary to produce better than market returns.

Fulfilling the dream of Mr. Roland George, who believed students should learn from hands-on experience, a gift was transferred by his widow, Sarah George, 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 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.

*“ . . . the learning experience . . .
students have a major voice
in the investment decision-making
process . . . ”*

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

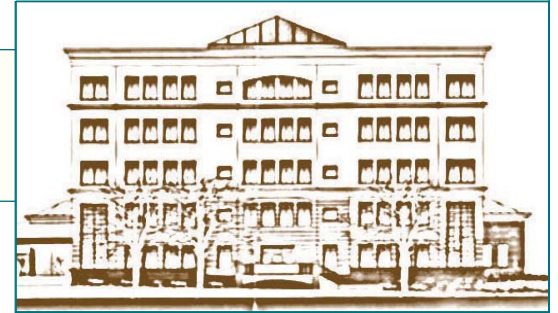
places emphasis on management of the Income Fund, which comprises bonds and other income generating securities. Although monitoring the entire portfolio is essential throughout the year, this structure enables students to concentrate their efforts in a specific area of investments.

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, Frank Castle, and K. C. Ma 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 \$3.1 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 27 years.

“...exposing students to experienced investment managers...”



— 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
Fall 2006



Michael J. Serio, CFA
Director and Investment Counselor,
Citigroup Private Bank
Denver, CO
Fall 2006



Robert C. Schumacher
Director, Sr. Fixed Income
Portfolio Manager
Evergreen Investment
Management Company, LLC
Jacksonville, FL
Spring 2007



Robert H. Stovall, CFA
Managing Director,
Wood Asset Management, Inc.
Sarasota, FL
Fall 2006

GROWTH PORTFOLIO STRATEGY

It is usually said that trend of the market in November and December will set the tone for the rest of the next year. Coming out of the last quarter of 2006 the market has experienced moderated interest rates, decreasing inflation, lower oil prices and above average unemployment rates. These factors were the major contributors in the market turnaround near the later half of the year. After the class recognized the early signs of the market turn around, a small-cap growth strategy was adopted with a focus on downgrading underperforming industries. Therefore, the Housing, Energy, Utilities and Consumer Staples industries were downgraded to underweight. Also, with overweight holdings in Healthcare that were underperforming the Healthcare Industry, our holdings in this sector were reduced by 60%.

INVESTMENT OBJECTIVE —

Maximize capital gains
Workout Period — 15 months

SUGGESTED GUIDELINES —

- ❖ Style Concentration: Small Cap Growth
- ❖ Sector/Industry Concentrations:

<u>Focus On</u>	<u>Avoid</u>
Consumer Discretionary	Housing
Capital Goods	Energy
Technology	Utilities
Financials	Staples

SECTOR ALLOCATION

SECTOR	GROWTH FUND	S&P 500
Software	14.39%	3.50%
Hardware	10.98%	9.20%
Media	1.00%	3.80%
Telecommunications	0.00%	3.50%
Healthcare	7.43%	12.10%
Consumer Services	8.94%	7.70%
Business Services	17.07%	4.20%
Financial Services	19.69%	22.30%
Consumer Goods	11.41%	8.60%
Industrial Materials	7.90%	11.90%
Energy	0.00%	9.80%
Utilities	1.19%	3.50%
TOTAL	100.00%	100.00%

SUGGESTED PARAMETERS —

- ❖ Price greater than 5
- ❖ Single position no more than \$50,000
- ❖ Average daily volume greater than 100,000 shares
- ❖ Liquidity no more than 1% average daily volume
- ❖ P/E greater than 20
- ❖ P/B greater than 4
- ❖ Market cap less than \$1.5 billion

Since our sells outweighed our buys, we entered the new year with 20% of our holdings in cash. Our cash portion of the Equity Portfolio was \$358,404.12 as of December 31, 2006. With equity holdings worth \$1,382,147.56 as of that date, the total value of the Equity Portfolio was \$1,740,551.68. For the 2006 fiscal year, the Equity Portfolio returned 6.70%. While we underperformed the S&P 500, our portfolio was more focused on a specific style, which the broad holdings of the S&P 500 do not reflect. Therefore, when we use another index to benchmark our performance, we come up with a more accurate picture of our returns. When comparing the George portfolio return against the ProFund Small-Cap Growth, Investor Class Mutual Fund, which returned 7.28% for the 2006 year, we find that the Equity Portfolio underperformed this benchmark by 0.58%. However, taking into consideration that we were only 80% invested in the market, this performance is exceptional.

*Information compiled by
Pierce Timko, '07*

GROWTH PORTFOLIO UPDATE

With high hopes and almost 20% of the equity portfolio sitting in cash, we decided to vigorously search for new additions. We approved eight new stocks that we felt had strong potential to yield above-average returns. We purchased a wide variety of companies including: restaurants, toy makers, day care centers, and lighting manufacturers. With a completely rebalanced portfolio, we expect to yield a competitive return in 2007.

Our equity portfolio is now evenly balanced with \$81,545.98 in cash and \$1,748,189.90 invested for a total value of \$1,829,735.88. Year-to-date, the equity portfolio has returned 5.12% as opposed to the S&P 500's return of 3.75%.

*Information compiled by
Natalie Parker, '07*

INCOME PORTFOLIO STRATEGY

After composing an admirable investment policy in the spring of 2007, the George Program took hold of the market by purchasing more stocks, swapping bonds and even buying more bonds outright to balance the two portfolios. Having our sixth win under our belt at the 2007 RISE competition, it appears that the class has a formula that just works.

Considering the results of our stock portfolio in the first quarter of 2007 and our thoughts on the future direction of the market, we decided to continue our small cap growth focus. The class also decided to cut back on some of our positions over \$50,000 due to increased earnings from these stocks while also letting go of some of our lower performing stocks. We believe that the economy is only slowing — eventually it will level off by the end of the year and a recession is not on our outlook for the future. Due to this forecast, we ended the spring semester of 2007 with a totally different portfolio that we believe was needed and will perform well in the current market, as well as in our forecasted direction of the market.

*Information compiled by
Andrew Zaleski, '07*

INVESTMENT OBJECTIVE —

Maximize Total Return through a combination of coupons and price appreciation.

CONSTRAINTS —

- ⌘ Income: At least \$60,000
- ⌘ Credit Risk: At least a rating of BB with BB ratings making up no more than 10% of the portfolio
- ⌘ Duration: Between 5–10 with an Average of 7
- ⌘ Sector/Industry: *Avoid Housing, Auto, Airlines*
- ⌘ No more than one bond in any one industry.
- ⌘ Suggested Parameters: *Non-callable*

INCOME FUND UPDATE

The Roland George Investments Program began 2007 with confidence in our fixed income portfolio. Outperforming our benchmark by excessive amounts in the fixed income side, we were confident in entering the annual RISE competition. Our expectations were met on March 31, 2007, in Dayton, Ohio, when the Roland George Investments Program was announced the winner of the Fixed Income category with a risk adjusted return of 16.5%.

As a class, we decided that although inflation is a concern, slow economic growth is a larger threat; therefore, we expect the Fed to lower the Federal Funds Rate toward the end of the year to the beginning of 2008. Based on this, we decided to increase our duration so that we would be able to capture a larger gain in bond value. We also decided that our main objective would be to capture total return in the form of income and capital gains.

Although we had a very successful previous year with our fixed income, we still decided to do a little maintenance and adjust to our new market expectations. We traded three lower duration bonds for those with higher duration.

In fixed income we ended the semester with a cash balance of \$217,569.74 and bond holdings of \$1,081,762.37 for a total fixed income value of \$1,299,332.11.

The Spring class of 2007 leaves our final touch on the portfolio with the knowledge that we have gained skills that others have not, and regardless of whether our prediction is accurate or not, the Roland George Investments Program has impacted us through experience and education.

*Information compiled by
Natalie Parker, '07*

MERIT SCHOLARS — 2006–2007

Left to right – Row 1: Dr. K. C. Ma, Jennifer Beebe, Cayla Culver, Natalie Parker, Dr. Larry Belcher;
Row 2: Roger Foley, Kevin Gallagher, Adrian Alquinta, Colin Moffatt;
Row 3: Sean Marshall, Pierce Timko
(Not pictured: Thomas Keller)



**“Biz schools tune into technology . . .
Students prepare for the corporate world by
training with the latest high-tech tools”**

By Chris Cobbs
Sentinel Staff Writer
Orlando Sentinel
Central Florida Business
March 19, 2007

At Stetson, where the business program has 600 undergrads and 200 grad students, the latest business software is used in class. There are programs to study customer relationship management and enterprise resource planning (which encompasses accounts receivable and payable), along with general ledger and other functions.

“In the classroom, we try to reflect what they use in the real world,” said Theodore Surynt, associate dean and professor of Information Systems. “As new software comes out, we adopt it.”

Stetson is also aggressive in updating the hardware used by students. Many of the computers in its labs are replaced yearly, Surynt said.

HIGH-TECH INVESTMENT

It’s part of the Roland and Sarah George Investments Institute, which allows students to manage a real-world portfolio. Founded in 1980 with a \$500,000 donation from Sarah George, the value of the fund has increased to more than \$3 million.

The lab features a Bloomberg financial terminal, identical to those found in many financial institutions, said Lawrence Belcher, chair of the finance department and director of the George Investments Institute.

“Students can pull up financials, analysts’ recommendations and other data,” he said. “They need this when preparing a presentation on whether to buy or sell a stock or bond.”

Current events serve as grist for students analyzing investment opportunities. For example, students invested in a fitness company’s stock after examining data on demographics, consumer psychology and Federal Reserve policy, along with the company’s numbers.

Students exposed to the tech emphasis during the past decade seem to value it.

REAL-LIFE LESSONS

Then there’s Colin Moffatt, 21, a Stetson senior from Toronto who said he spends as much as 40 hours a week in the George lab.

“I’ve been studying finance since I was 12 and this is my niche,” said Moffatt, who chose Stetson in part because he wanted to be part of the group that manages the multi-million-dollar investment portfolio.

Students are “radically more prepared” than they would be if they didn’t have access to technology, said Stetson’s Belcher.

“If business people are using these tools, we need to teach our students to use them, too”, he said. “Business education should mirror business as a profession.”

*This is a partial reprint
of the original article.*



*2007 RISE Symposium team (left to right):
Christina Carpenter, Dr. Stuart Michelson,
Colin Moffatt, Dr. Bob Froelich, Natalie Parker,
Kevin Gallagher, and Dr. Larry Belcher
— 1ST PLACE FIXED INCOME —*

ROLAND GEORGE INVESTMENTS PROGRAM

VISITING PROFESSORS

B. Carter Randall	1981
Gerald T. Kennedy	1982–87
B. Carter Randall	1987–91
Max Zavaneli	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	1980–1982
G. Michael Boyd, Ph.D.	1982–1985
James E. Mallett, Ph.D.	1985–2002
Lawrence J. Belcher, Ph.D.	2002–Present

5/31/2007

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
05/31/06	1,227,069	1,631,060	2,858,129 ^b
05/31/07	1,296,183	1,898,606	3,194,789 ^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.

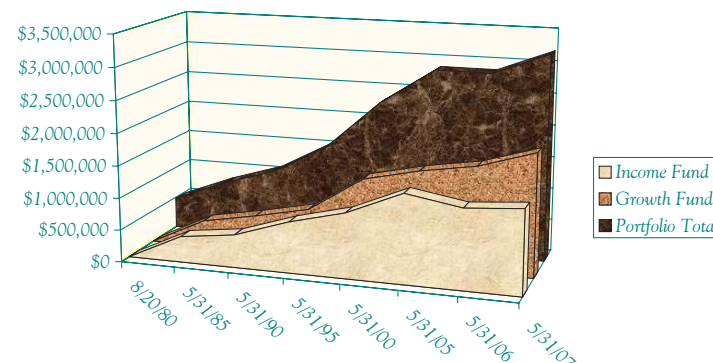


CLASS OF 2007

Left to right –
 Row 1: Dr. Larry Belcher, Christina Carpenter, Jennifer Beebe, Alexandria Vita, Cayla Culver and Natalie Parker;
 Row 2: Carlos Betancourt, Sean Marshall, Roger Foley, Ben Kline, Cezary Sadlinski and Justin Dannecker;
 Row 3: Adam Tindle, Dr. K. C. Ma, Fritz Ayers, Pierce Timko, Colin Moffatt, Andrew Meyer, Adrian Alquinta, Kevin Gallagher, and Andrew Zaleski

(Not pictured: Paula Balestrieri, Gabriel Barbosa, Charles Bruin, Brian Henry, Thomas Keller, and Jay Patel)

TOTAL PORTFOLIO VALUE



GROWTH FUND — 5/31/2007

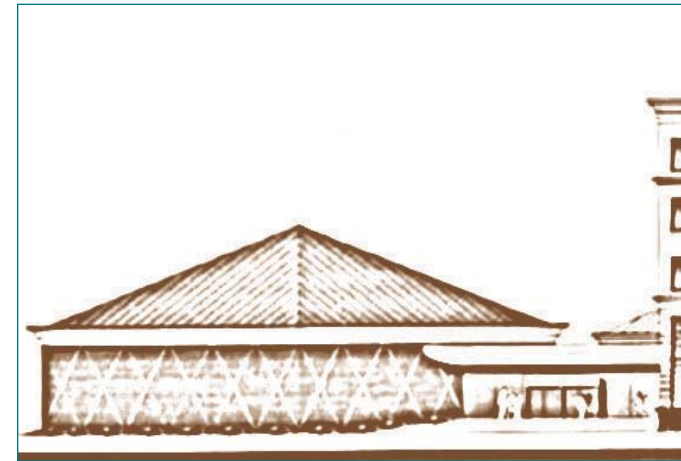
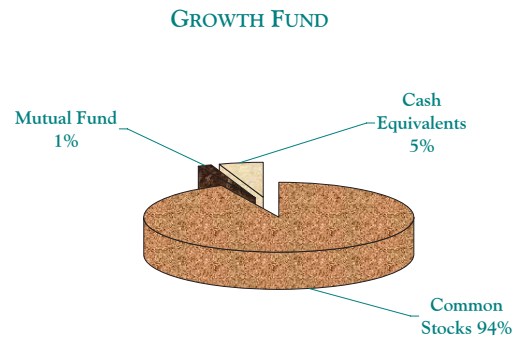
SHARES	DESCRIPTION	COST	MARKET
COMMON STOCKS			
5,000	American Bank Note Holographics, Inc.	\$ 19,135	\$ 17,500
1,700	Angiodynamics, Inc.	43,452	26,945
2,000	Asta Funding, Inc.	51,060	84,420
25	Berkshire Hathaway, Inc.	42,620	90,625
2,400	BJ's Restaurants	52,326	48,600
2,000	Blackboard, Inc.	54,720	82,300
1,700	Blue Earth Refineries, Inc.	0	3,485
1,300	Bright Horizons Family Solutions, Inc.	49,383	54,973
2,000	Build-a-Bear Workshops, Inc.	55,045	59,800
3,000	Clayton Holdings, Inc.	48,386	43,200
2,000	Color Kinetics Inc.	38,836	58,600
5,500	Comfort Systems USA, Inc.	38,554	77,000
1,800	Dealer Track Holdings	49,420	64,962
1,500	Dolby Laboratories	51,534	50,550
5,000	Flanders Corporation	54,193	35,550
1,200	Huron Consulting Group	49,513	82,224
2,000	Intermec	48,479	49,200
5,000	Jamba, Inc.	46,403	50,250
1,600	KHD Humboldt Wedag Int'l., Ltd.	36,934	91,008
1,000	Life Time Fitness, Inc.	48,673	51,180
1,600	Mass Financial Corporation	0	8,000
2,500	Movado Group, Inc.	59,450	83,325

SHARES	DESCRIPTION	COST	MARKET
COMMON STOCKS			
1,500	Owens & Minor, Inc.	55,006	53,250
1,000	Pike Electric Corporation	18,360	21,810
2,500	Plantronics Corporation	48,406	60,750
1,000	Radiation Therapy Services, Inc.	26,370	27,620
3,000	Radvision, Limited	48,125	64,020
1,000	Rogers Corporation	55,590	40,240
2,000	Satyam Computer SVCS, Limited	34,020	101,360
2,000	Seracare Life Science, Inc.	23,420	14,200
1,700	Tower Group, Inc.	48,802	53,822
2,300	True Religion Jeans	47,961	43,171
3,000	Ultra Clean Technologies, Inc.	39,457	41,460
1,000	Weight Watchers International, Inc.	47,825	52,220
TOTAL COMMONS STOCKS		\$ 1,431,458	\$ 1,787,620

MUTUAL FUND

915	AIM Invt. FDS Global Health Care	22,568	28,429
TOTAL MUTUAL FUNDS		\$ 22,568	\$ 28,429

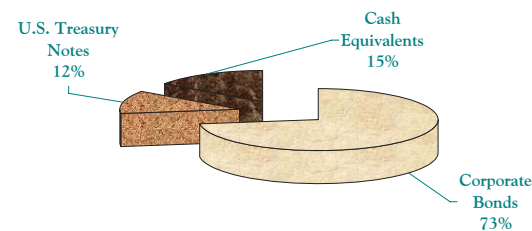
TOTAL SECURITIES	\$ 1,454,026	\$ 1,816,049
TOTAL CASH EQUIVALENTS	\$ 82,557	\$ 82,557
TOTAL GROWTH FUNDS ASSETS	\$ 1,536,583	\$ 1,898,606



INCOME FUND — 5/31/2007

UNITS		COST	MARKET
CORPORATE BONDS			
100	Aetna, Inc. NT	\$ 118,440	\$ 111,642
100	Bankers Trust New York Corporation	111,618	101,344
100	Bank of America Corporation	108,128	106,107
100	Comcast Corporation	101,512	99,910
100	DaimlerChrysler North America	97,500	98,520
100	Ford Motor Company	99,900	99,875
100	General Electric CAP Corporation	102,960	99,281
100	Goldman Sachs Group, Inc.	102,349	97,906
100	Verizon Communications, Inc.	99,777	99,838
	TOTAL CORPORATE BONDS	\$ 942,184	\$ 914,423
U.S. TREASURY NOTES			
50	U.S. Treasury Inflation Protection Securities "TIPS"; 4.25% 01/15/10	51,661	63,675
100	U.S. Treasury Inflation Protection Securities "TIPS"; 3.5% 01/15/11	103,612	122,137
	TOTAL U.S. TREASURY NOTES	\$ 155,273	\$ 185,812
	TOTAL INCOME INSTRUMENTS	\$ 1,097,457	\$ 1,100,235
	TOTAL CASH EQUIVALENTS	\$ 195,948	\$ 195,948
	TOTAL INCOME FUNDS ASSETS	\$ 1,293,405	\$ 1,296,183
	TOTAL GROWTH FUND ASSETS	\$ 1,536,583	\$ 1,898,606
	TOTAL PORTFOLIO ASSETS	\$ 2,829,988	\$ 3,194,789

INCOME FUND



SALES

UNITS

GROWTH FUND

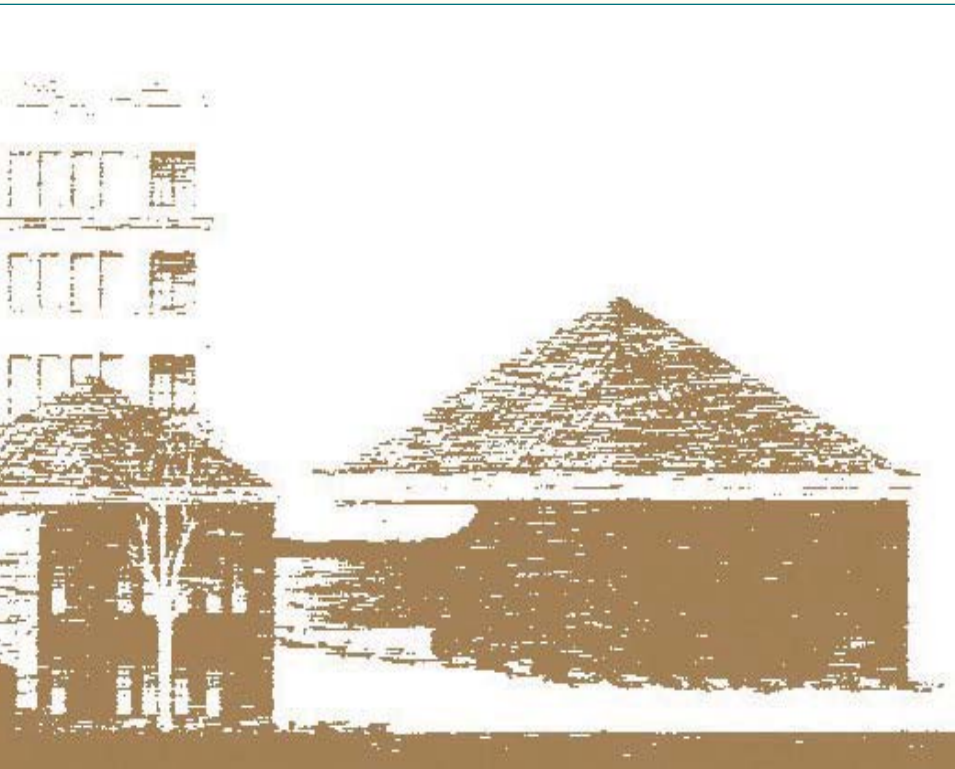
		SALES PRICE	NET COST	PROFIT (LOSS)
4,500	Celadon Group, Inc.	\$ 85,834	\$ 46,620	\$ 39,214
2,000	Century Casinos, Inc.	16,037	20,189	-4,152
2,000	Cutera, Inc.	56,446	72,860	-16,414
3,000	Hi-Tech Pharmacial Company, Inc.	45,223	36,057	9,166
900	Multi-Fineline Elelectronix, Inc.	18,017	24,804	-6,787
2,500	Pioneer Drilling Company	31,281	42,475	-11,194
1,800	Shuffle Master, Inc.	32,747	55,555	-22,808
2,500	U. S. Physical Therapy, Inc.	30,269	49,775	-19,506
4,000	Vasco Data Security	63,212	45,410	17,802
	TOTAL SALES GROWTH FUND	\$ 379,066	\$ 393,745	\$ -14,679

INCOME FUND

100	Caterpillar Financial Services Corporation	\$ 101,200	\$ 100,519	\$ 681
100	Electronic Data Systems Corporation	103,040	101,811	1,229
100	United Helath Group, Inc.	97,660	97,410	250
	TOTAL SALES INCOME FUND	\$ 301,900	\$ 299,740	\$ 2,160

TOTAL PORTFOLIO SALES

	\$ 680,966	\$ 693,485	\$ -12,519
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UNITS		PURCHASES	
GROWTH FUND			COST
2,400	BJ's Restaurants	\$	52,326
1,300	Bright Horizons Family Solutions, Inc.		49,383
2,000	Build-a-Bear Workshops, Inc.		55,045
2,000	Century Casinos, Inc.		20,189
3,000	Clayton Holdings, Inc.		48,386
2,000	Color Kinetics Inc.		38,836
1,800	Dealer Track Holdings		49,420
1,500	Dolby Laboratories		51,534
1,200	Huron Consulting Group		49,513
2,000	Intermec		48,479
5,000	Jamba, Inc.		46,403
1,000	Life Time Fitness, Inc.		48,673
1,500	Owens & Minor, Inc.		55,006
2,500	Plantronics Corporation		48,406
1,800	Shuffle Master, Inc.		55,555
2,300	True Religion Jeans		47,961
3,000	Ultra Clean Technologies, Inc.		39,457
4,000	Vasco Data Security		45,410
	TOTAL GROWTH FUND PURCHASES	\$	<u>849,982</u>
INCOME FUND			
100	Aetna, Inc. NT	\$	118,440
100	General Electric CAP Corporation		102,960
100	Goldman Sachs Group, Inc.		102,349
	TOTAL INCOME FUND PURCHASES	\$	<u>323,749</u>
	TOTAL PORTFOLIO PURCHASES	\$	<u><u>1,173,731</u></u>

APPENDIX D
JUNE 1, 2006 – MAY 31, 2007

INCOME:

Dividends		\$	5,584
Interest			93,763
		\$	<u>99,347</u>

EXPENSES:

Administrative Expenses	<u>175,713</u>	^a	
		\$	<u>175,713</u>

NET INVESTMENT INCOME:

-76,366

REALIZED GAIN [LOSS] ON INVESTMENTS:

Proceeds from Securities Sold	\$	680,966	
Cost of Securities Sold		<u>693,485</u>	
Net Realized Gain on Investments	\$		<u>-12,519</u>

NET INCREASE [DECREASE] IN UNREALIZED APPRECIATION
ON INVESTMENTS:

Market Value of Holdings	\$	3,194,789	
Cost of Holdings		<u>2,829,988</u>	
Unrealized Appreciation – 5/31/07		364,801	
Less Unrealized Appreciation – 5/31/06		<u>111,802</u>	

Increase [Decrease] in Net Unrealized Appreciation	\$	<u>252,999</u>	
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NET REALIZED GAIN [LOSS] AND INCREASE [DECREASE]
IN NET UNREALIZED APPRECIATION:

\$ 240,480

NET INCREASE [DECREASE] IN ASSETS:

\$ 164,114

^a –2006–2007 administrative expenses deducted after May 31, 2007.

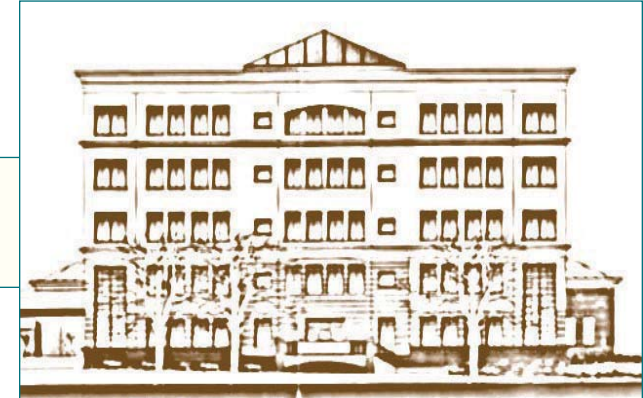


*"...access to research in
investments for the
School of Business..."
including:*

APPENDIX E
1998–2007

ARELLANO, RICHARD C.	Equity Market Maker, Jefferies and Company, Dallas, TX. 1998, 2004.
BRYANT, CHARLES L.	Vice–President of Marketing, 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, Sudbury, MA. 1998–1999, 2002–2005, 2007.
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.
CINNAMOND, ERIC, CFA	Vice–President and Portfolio Manager, Intrepid Capital Management, Inc., Jacksonville, FL. Stetson graduate (BBA 1993). 2006.
GARNISH, JOHN E., 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. 2001–2006.
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.

Bloomberg
Morningstar Principia
Reuters Bridge
Thomson Baseline

APPENDIX E (CONT.)
1998–2007

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 C.	Director and Senior Fixed Income Portfolio Manager, Evergreen Investment Management Company, LLC, Jacksonville, FL. 1990–2007.
SERIO, MICHAEL J., CFA	Director and Investment Counselor, Citigroup Private Bank, Denver, CO. 1998, 2002–2007.
STOVALL, ROBERT H., 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. 1989–2007.
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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