



ROLAND GEORGE INVESTMENTS PROGRAM

diligence.discipline.distinction



2007-2008 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

EUGENE M. AND CHRISTINE LYNN BUSINESS CENTER



Photo by Lynn Thompson

CONTENTS

| | |
|-------------------------------------------------------------------|----|
| ACKNOWLEDGEMENT | ii |
| THE 28 th YEAR IN REVIEW | 3 |
| HISTORY OF THE PROGRAM | 4 |
| LECTURERS | 5 |
| THE 2008 ROLAND GEORGE INVESTMENTS PROGRAM PORTFOLIO STRATEGY: | |
| –Growth Portfolio Goals | 6 |
| –Growth Portfolio Strategy | 6 |
| –Growth Portfolio Update | 6 |
| –Income Portfolio Strategy | 7 |
| 2007–2008 ROLAND GEORGE MERIT SCHOLARS | 7 |
| BUSINESS LOCALLY . . . | 8 |
| APPENDICES | |
| A. Summary of 28–year Performance | 9 |
| B. Portfolio Assets — 5/31/08 | 10 |
| C. Transactions (6/1/07 through 6/1/08) | 12 |
| D. Statement of Operations (6/1/07 through 6/1/08) | 14 |
| E. Program Lecturers (1998 through 2008) | 15 |



RISE 2008 Team:

*Left to right: Patrick Dugan, Marie Villard, and John Montague
National Champions — Fixed Income*

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.

Sector selection and company research will be of much greater importance . . . students navigate a landscape that is literally changing on a daily basis.

As we wrap up another annual report, the weirdness of late summer has now turned into the panic of early Fall. Who would have thought six months ago that we would be losing Bear Stearns, that Merrill Lynch would be sold off like a 120,000 mile used car, that Goldman Sachs would lose 40% of its value in a short period of time, that Lehman Brothers would file for Chapter 11, or that the government would bail out quasi-private corporations (Fannie Mae and Freddie Mac) as well as public ones (AIG)? This is certainly unprecedented in history. In addition, the Fed opened up its discount window for non-bank entities to borrow from for the first time in history. We have gone in the space of a couple of years from a world economy that was awash in liquidity to one where lines of credit are being cut, borrowers with pristine credit cannot get loans, and the term "credit crunch" has taken on an entirely new meaning globally. Jobs are being lost and created as the financial system is undergoing a painful period of transition. Presidential candidates have had to totally change the focus of their campaigns as new holes in the financial dykes appear every day with ever-increasing regularity. What a mess!

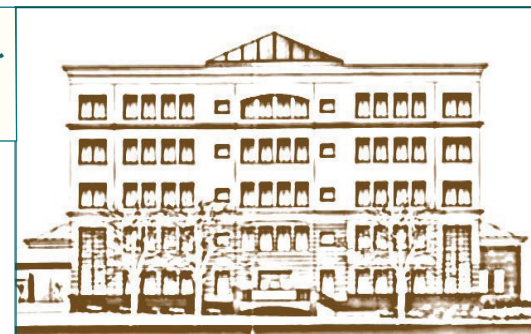
Times like these result when there are large-scale changes and transitions in the economy. And this is certainly a period where there are changes that are increasing volatility in the markets. Specifically, there has been a trend in the growth of non-bank financial institutions like Fannie/Freddie, investment banks, mortgage companies like Countrywide, and hedge funds. These non-bank intermediaries have produced services that banks could or could not provide, but more importantly have been instrumental in creating whole classes of securities that have brought in tremendous amounts of capital. The numbers are staggering. In its struggle to survive, insurance giant AIG had recently raised \$20 billion in capital and was attempting to raise another \$50 billion! Last summer, Bank of America announced a \$1.1 billion charge off against earnings for sub-prime losses. Fannie Mae and Freddie Mac have about \$5 TRILLION in mortgage-backed paper outstanding, out of a total mortgage market of around \$12 trillion! To put that into perspective, the estimated 2008 size of the US economy is about \$13.8 trillion! The Fed guarantee to AIG was about \$85 billion. However, as we have seen, it has been difficult to value many of these new securities and they have been subject to massive swings in value as market conditions have deteriorated. Literally billions of dollars of asset value have disappeared in a year.

How does one approach such a scenario? There are two ways that impact the George Program: education and guidance. As faculty members, we are responsible to interpret the conditions as best we see them and make sure that the students

have somewhat of a handle on them. As fiduciaries, we have to help them to create a portfolio that addresses market changes as prudently as possible. In our portfolio over the past year, we both benefited and were hurt by our decisions. On the equity side, we saw some pretty large swings in portfolio value over the summer. We lost a bunch, then gained a lot of it back. Our fixed income portfolio, particularly our government securities, have increased in value over time as investors have gone to less risk and more quality investments. Sector selection and company research will be of much greater importance this fall as the students navigate a landscape that is literally changing on a daily basis.

There are a couple of other notable things to mention from last spring and summer. First, our fixed income portfolio was first again in the annual University of Dayton RISE Symposium student-managed fund competition. This led to a number of interesting sidebars. Right after the conference, we were notified that Business Week Magazine online wanted to feature the winning schools' programs. We got a spot in an online slide show that featured a great shot of the trading room as well as a short write up with quotes from Marie Villard, a graduating senior in the program. This, along with some other unique circumstances, led to quotes about the George Program in the Chicago Tribune, Hartford Courant, Washington Post, and New York Times! The Post actually called for an interview when I was in Washington, DC, chaperoning a group of eighth graders on a class trip. The interview was conducted while I was in a greenhouse in the United States botanical gardens near the US Capitol building.

Another exciting thing that took place this summer was the replacement of the computers in the George research lab/trading room. The machines that were in there we had bought when we moved into the renovated LBC several years ago, and they were at the end of their cycle. So we bought brand new Dell machines with 24" monitors to replace the smaller twin monitors. I also did a demo of a new research software package that may increase our capabilities at much less cost, so we may install a trial run of that this fall as well.



HISTORY OF THE PROGRAM - THE LEGACY CONTINUES

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.

*"His vision allows...students
an opportunity – investment and
management of actual dollars."*

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 nearly \$3 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 28 years.

“Students . . . endure the pressure of generating sufficient income . . . failure, as well as success, should be part of the learning experience”



— 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
CEO & Chief Investment Officer,
Hillcrest Asset Management, LLC
Dallas, TX
Fall 2007



Michael J. Serio, CFA
Director and Investment Counselor,
Citigroup Private Bank
Denver, CO
Spring 2008



Robert C. Schumacher
formerly Director, Sr. Fixed Income
Portfolio Manager,
Evergreen Investment Management
Company, LLC
Jacksonville, FL
Spring 2008



Robert H. Stovall, CFA
Managing Director,
Wood Asset Management, Inc.
Sarasota, FL
Spring 2008

GROWTH PORTFOLIO STRATEGY

In our Fall 2007 Investment Policy Statement, the class, as a whole, decided to maximize risk-adjusted return within a workout period of one year.

We observed many changes in the economy which led to great volatility, investor uncertainty, and rate cuts. With continuous trouble in the credit market, increasing oil prices, and a weakening dollar, the Roland George students decided to avoid several sectors such as housing, construction, materials, financials, and sub-prime in order to avoid eminent risks.

Ours was the largest Roland George class in history with 27 participants. Over the course of the semester, a wide variety of companies were recommended for the Roland George Portfolio including shipping, renewable energy, technology, paper makers, telecommunications, automobile makers, and veterinary supplies.

GROWTH PORTFOLIO UPDATE

At the end of the fall semester, our Equity Portfolio held \$400,142.16 in cash and \$1,496,065.98 invested. Year-to-date, the Equity Portfolio has returned 10.2% as opposed to the benchmark the S&P 500's return of 4.6%.

The Fall class of 2007 has shown tremendous performance and professionalism. As the largest class in the program's history, we will always be thankful for the opportunity the Roland George Investments Program gave us to gain a real-world experience and an extraordinary education.

As 2007 comes to an end, the Roland George class will be preparing for the Spring 2008 semester, which focuses on our Fixed Income Portfolio. The class will also take part in our annual trip to New York City, and RISE in Dayton, Ohio, where the Roland George Investments Program will be competing against hundreds of schools with hopes for achieving its 8th straight win.

Our Fixed Income Portfolio has also been performing superbly throughout 2007. At year end, the Fixed Income Portfolio held \$233,345.82 in cash and \$1,338,918.01 invested. The Fixed Income Portfolio returned 8.1% as opposed to the benchmark the Lehman Brothers U.S. Aggregate Bond Index's return of 5.7%.

*Information compiled by
Carlos Betancourt, Dec. '07*

INVESTMENT POLICY STATEMENT – FALL 2007

GOAL: Maximize Risk-Adjusted Return (per RISE) within a workout period of 12 months.

GUIDELINES:

- ❖ **Style Choice:** Small-Cap Growth < \$ 2 billion
For growth, no more than two of the Ratios in the following chart can be lower than the Market Average.

| <u>Ratio</u> | <u>Market Average</u> |
|--------------|-----------------------|
| P/E | 22 |
| P/S | 8 |
| P/FCF | 15 |
| P/B | 3.5 |

- ❖ **Sector Choice:**
Lower Financials; avoid Housing, Construction, Materials, and Subprime.
- ❖ **Trading:** \$5 minimum price; 200,000 shares minimum average daily volume.
- ❖ **Number of Stocks:** no more than 30 stocks in the final portfolio.
- ❖ **Average stock size:** maximum \$50,000 per stock.
- ❖ **Analysts:** no more than 5 analysts following the stock.

ROLAND GEORGE INVESTMENTS PROGRAM

VISITING PROFESSORS

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

INCOME PORTFOLIO STRATEGY – SPRING 2008

OBJECTIVE –

Maximize total return within workout period (12–18 months).

INTEREST RATE FORECAST –

The LT ten year rate will decrease by the workout period.

CONSTRAINTS –

- ❖ Duration: between 7 and 12 years, with a weighted average of 10
- ❖ Credit Risk/Rating: Investment Grade and Treasury ($\geq A$)
- ❖ Sector: Corporate and Treasury
- ❖ Industry: AVOID
 - ◆ Financial – bank, insurance, brokerage
 - ◆ Auto
 - ◆ Retail

SUGGESTED PARAMETERS –

- ❖ No more than one bond in any one industry.
- ❖ Non-callable.

CLASS OF 2008

Left to right –

Row 1: Anna Timberlake, Lauren Wilmot, Heather Albright, Marie Villard, Anna Leonenko, and Vince Iuppa;
 Row 2: Nathan McPhail, Kirk Labusch, Jake Feltner, Billy Houghton, Landon Weeks, and John Montague;
 Row 3: Carlos Betancourt, Bret Feldman, Patrick Dugan, Steven Scheiner, and Casey Fulp;
 Row 4: Anthony Furino, Davidson Hobson, Will Washburn, and Scott Milford;
 Row 5: Richard Porteous, Marcus Ehtler, Ben Lafreniere, Blake Conner, and Evan White

(Not pictured: Christina Carpenter, Dec. '07, and Ian Anderson)

INCOME FUND UPDATE

For spring, 2008, the class set guidelines with two broad parameters. We wanted non-callable bonds with slightly more diversity than was currently in the portfolio. In addition, industries that could be hit by the sub-prime crisis, like financials, should be sold off and replaced with less sensitive industries. The class still felt that the Fed would lower interest rates in the next year, so the decision was made to lengthen portfolio duration based on that expectation. Financials, auto, and cable service industries were sold, and Coca Cola Enterprises and Florida Power and Light were added. It was felt that this would better insulate the portfolio from market fluctuations.

In the Spring of 2008, we entered our fixed income portfolio in the University of Dayton RISE competition. With a risk-adjusted return of 9.57%, we were again winners in the undergraduate fixed income category. This represents the fourth time (out of five years) that we have won in the fixed income category.

*Information compiled by
Marie Villard, '08*



**YOUNG
MONEY**.com
FEB/MAR 2008

Student Investors Learn from Real-Life Trading

A young investor explains how he wound up helping manage a \$3 million portfolio.

by Billy Houghton, Stetson University

Three years ago, when I first walked past Stetson University's business school stock trading room and peered in the glass window, I thought it resembled a microcosm of a Wall Street trading experience. Student investors studied stock charts as a real-time stock ticker wrapped around the room. News reports flashed on dual-screen monitors, while on the background television CNBC's Rick Santelli discussed the day's top business headlines.

Little did I know that three years and two majors later, I would find myself part of Stetson's Roland George Investments Program (RGIP). I never would have expected to be qualified to help manage the program's impressive \$3 million portfolio. This fact differentiates the program at Florida-based Stetson University from other university programs: it is student-run and the stocks, bonds, money and risks are all real.

The Road to \$3 Million

It all started in 1980 with a meeting between a widow and a group of university administrators, which ultimately set into motion what has become one of the most successful and innovative college programs in the country. Sarah George wanted to fulfill her husband Roland's dream of starting a college investment program where students would make the decisions on an investment portfolio and be responsible for the success or failure of those decisions.

From an initial gift of approximately \$500,000, the program has grown over the last 27 years to nearly \$3 million. The venture has consistently performed through a variety of market conditions, averaging a seven percent return after expenses. It operates through two funds: one an equity fund and one composed of fixed income instruments, with the total funds split equally between the two.

Success and Guidance

RGIP was a precursor to what is now an international movement. Today, there are more than 200 schools in the United States, Canada, Mexico, and Israel that have student-managed investment funds. For the past seven years, Stetson students in the RGIP have ventured north to the University of Dayton's Redefining Investment Strategy Education (RISE) Symposium, an international student-managed portfolio competition. In six of those years we have finished first.

This, and the fact that we have won in four different portfolio management categories, makes Stetson the most successful school in the competition's history.

Our team success is a result of hard work, continued dedication and excellent guidance. K.C. Ma, visiting professor of investments for RGIP, has been one of the great assets among the RGIP faculty. His knowledge and wisdom help guide us toward achieving our policy statement, which essentially aims to maximize holding-period return. Ma helped us to grow the portfolio, consistently outpace the S&P 500, and to transition into successful careers.

STRATEGY: THE POWER OF RESEARCH

Each semester begins with establishing investing criteria, which is used to analyze potential holdings. One unique aspect of equity investing is the general trend toward investing in small-cap growth firms. As part of the RGIP strategy, we research unknown firms and discover market inefficiencies in share prices and future growth outlooks. This approach has been supported over years of profits, which have been realized as the market discovers the growth potential of those firms already held by RGIP.

We target companies that are small enough for us to contact by phone, and where we are able to directly speak with their CEO or CFO. We begin our security selection process with a top-down approach. In the last step, however, it's not uncommon to analyze eight to nine firms' financial statements and SEC reports before presenting our selection before the RGIP board. Our equity analysis considers the following: (1) future growth opportunities; (2) management and core leadership; (3) social responsibility; (4) and current share price.

All analyzed equities are required to undergo multiple valuation models – such as Malkiel's, Holt's, Free Cash Flow, or Franchise-Based Growth – which are critical in determining fair value. Once a student has selected a final holding, he or she presents it for acceptance before the board, which consists of four student trustees and three faculty trustees. This process achieves the specified goals of RGIP, and we are able to understand the role of discovering undervalued firms in maximizing the holding period return.

The process taught to us by Professor Ma proved extremely beneficial to students like me who are moving into the real world of finance and economics. The quality of academic insight, combined with the experience of real-world investing, equips students who are far ahead of typical college graduates. Our stellar track record in competition, as well as the quality of jobs secured by RGIP students, serve as a testimony to the benefits of being responsible for managing \$3 million of someone else's money.

Billy Houghton, from Fort Myers, Fla., is a senior at Stetson University majoring in finance. He has been an active member of the Roland George Investments Program, and also plays golf for the Stetson men's team. He is preparing to graduate Summa Cum Laude this spring, and plans to pursue a career in finance.

© 2008, InCharge® Education Foundation, Inc.



6/30/08

| 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 |
| 06/30/08* | 1,397,712 | 1,290,966 | 2,688,678 ^b |

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

^b – Program expenses deducted after the end of the fiscal year.

* – Stetson adjusted the fiscal year to end on 6/30/08; figures reflect 13 months.

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.



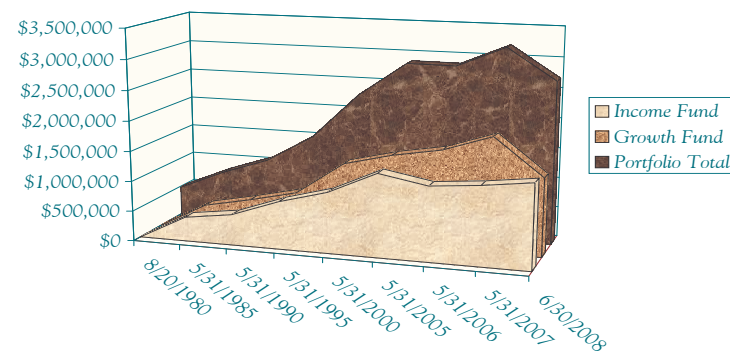
MERIT SCHOLARS — 2007–2008

Left to right – Row 1: Carlos Betancourt, Bret Feldman, Landon Weeks, Vince Iuppa and John Montague

Row 2: Anthony Furino, Patrick Dugan, Marie Villard and Evan White

(Not pictured: Christina Carpenter, Dec. '07)

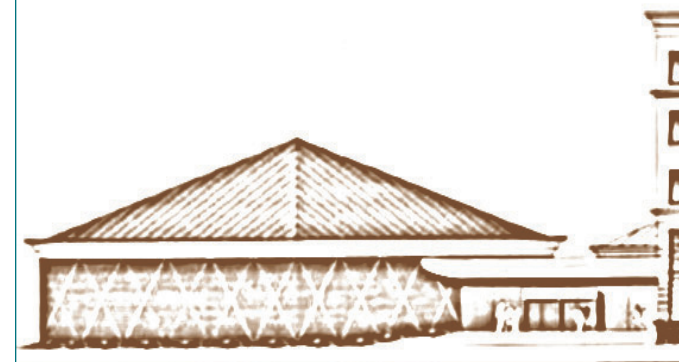
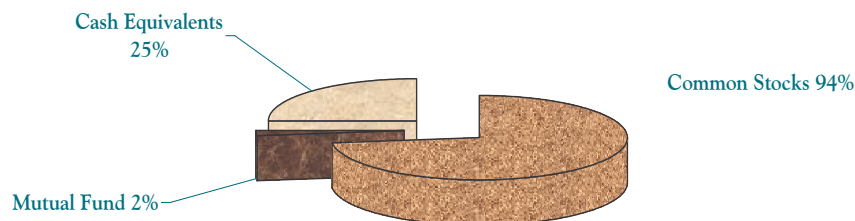
TOTAL PORTFOLIO VALUE



GROWTH FUND — 6/30/08

| SHARES | DESCRIPTION | COST | MARKET | SHARES | DESCRIPTION | COST | MARKET |
|---------------|--------------------------------|-----------|-----------|--------------------------|----------------------------------|--------------|--------------|
| COMMON STOCKS | | | | COMMON STOCKS | | | |
| 900 | Belden, Inc. | \$ 41,623 | \$ 30,492 | 2,200 | Silicon Motion Technology Corp. | 43,002 | 31,790 |
| 13 | Berkshire Hathaway, Inc. | 22,139 | 52,156 | 1,800 | Sun Hydraulics Corporation | 53,501 | 58,086 |
| 1,700 | Blue Earth Refineries, Inc. | 0 | 5,100 | 2,200 | SWA REIT, Ltd. | 0 | 1,232 |
| 3,925 | Comfort Systems USA, Inc. | 38,554 | 52,752 | 1,300 | Synchronoss Technologies, Inc. | 43,056 | 11,739 |
| 2,500 | CyberSource Corporation | 37,215 | 41,825 | 2,520 | Talisman Energy, Inc. | 60,942 | 55,768 |
| 5,000 | Domtar Corporation | 36,065 | 27,250 | 2,500 | Tata Motors, Ltd. | 44,620 | 25,125 |
| 1,700 | Eagle Bulk Shipping, Inc. | 45,933 | 50,269 | 1,400 | Tennant Co. | 48,536 | 42,098 |
| 760 | Huron Consulting Group | 31,359 | 34,458 | 3,000 | Ultra Clean Technologies, Inc. | 39,457 | 23,880 |
| 2,239 | JDS Uniphase Corporation | 0 | 25,905 | 1,500 | Waste Connections, Inc. | 47,812 | 47,895 |
| 360 | K-Tron Int'l, Inc. | 46,275 | 46,656 | TOTAL COMMON STOCKS | | \$ 933,399 | \$ 945,574 |
| 1,650 | KHD Humboldt Wedag Int'l, Ltd. | 19,046 | 52,025 | MUTUAL FUND | | | |
| 1,500 | Marvel Entertainment, Inc. | 41,711 | 48,210 | 1,006 | AIM Invt. FDS Global Health Care | 22,568 | 26,284 |
| 1,600 | Mass Financial Corporation | 0 | 7,680 | TOTAL MUTUAL FUNDS | | \$ 22,568 | \$ 26,284 |
| 2,200 | Mellanox Technologies, Ltd. | 40,490 | 29,788 | TOTAL SECURITIES | | | |
| 400 | Monsanto | 48,240 | 50,576 | TOTAL CASH EQUIVALENTS | | \$ 319,108 | \$ 319,108 |
| 1,200 | MWI Veterinary Supply, Inc. | 49,465 | 39,732 | TOTAL GROWTH FUND ASSETS | | \$ 1,273,075 | \$ 1,290,966 |
| 400 | Satyam Computer SVCS, Ltd. | 3,402 | 9,808 | | | | |
| 1,700 | Seaspan Corporation | 43,101 | 40,834 | | | | |
| 500 | Seracare Life Science, Inc. | 5,855 | 2,445 | | | | |

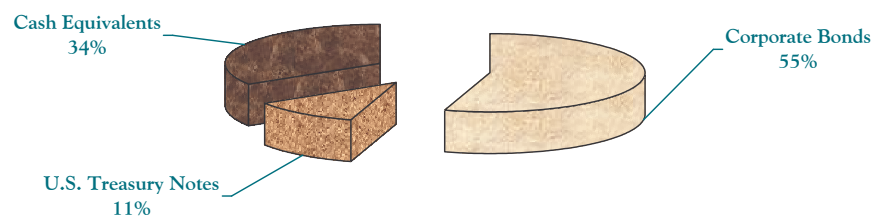
GROWTH FUND



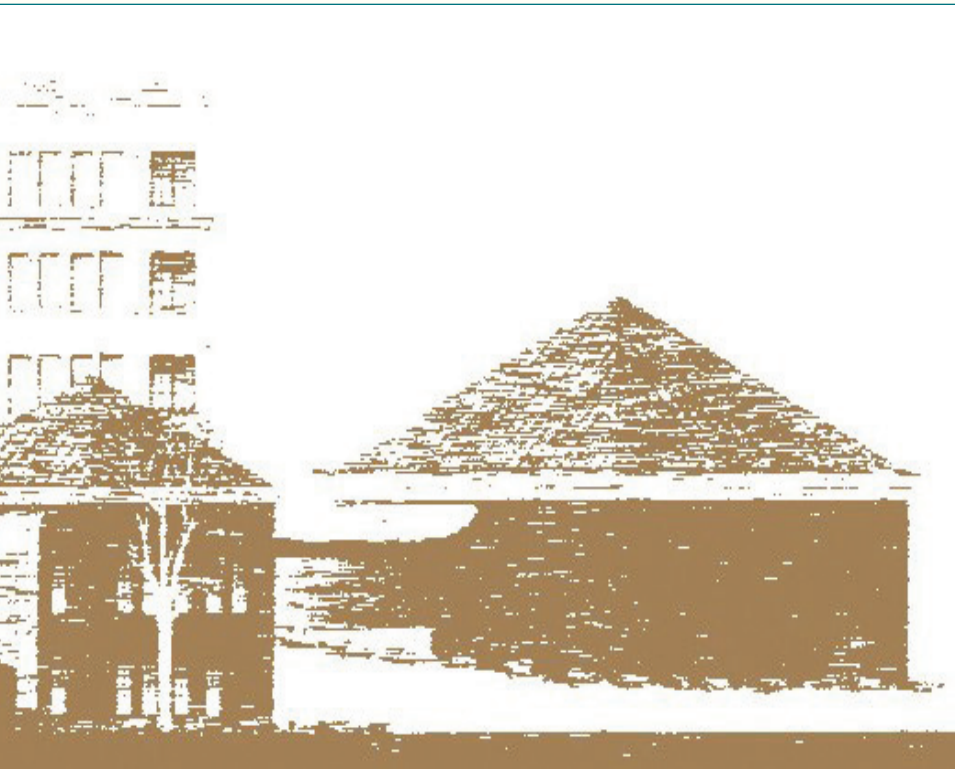
INCOME FUND — 6/30/08

| UNITS | | COST | MARKET |
|----------------------------|-------------------------------------------------------------------------|---------------------|---------------------|
| CORPORATE BONDS | | | |
| 100 | Aetna, Inc. | \$ 118,440 | \$ 109,079 |
| 100 | Coca Cola Enterprises | 127,768 | 121,889 |
| 100 | Florida Power & Light Group | 105,797 | 102,654 |
| 100 | Ford Motor Company | 99,900 | 99,500 |
| 100 | General Electric | 102,960 | 96,719 |
| 100 | Goldman Sachs | 102,349 | 92,471 |
| 100 | Verizon Communications, Inc. | 99,777 | 102,542 |
| | TOTAL CORPORATE BONDS | \$ 756,991 | \$ 724,854 |
| U.S. TREASURY NOTES | | | |
| 50 | U.S. Treasury Inflation Protection Securities "TIPS"; 4.25% 01/15/10 | 51,661 | 68,457 |
| 100 | U.S. Treasury Inflation Protection Securities "TIPS"; 3.5% 01/15/11 | 103,612 | 134,337 |
| | TOTAL U.S. TREASURY NOTES | \$ 155,273 | \$ 202,794 |
| | TOTAL INCOME INSTRUMENTS | \$ 912,264 | \$ 927,648 |
| | TOTAL CASH EQUIVALENTS | \$ 470,064 | \$ 470,064 |
| | TOTAL INCOME FUNDS ASSETS | \$ 1,382,328 | \$ 1,397,712 |
| | TOTAL GROWTH FUND ASSETS | 1,273,075 | 1,290,966 |
| | TOTAL PORTFOLIO ASSETS | \$ 2,655,403 | \$ 2,688,678 |

INCOME FUND



| UNITS | GROWTH FUND | SALES PRICE | NET COST | PROFIT (LOSS) |
|-------|----------------------------------------|---------------------|---------------------|-------------------|
| 5,000 | American Bank Note Holographics, Inc. | \$ 5,006 | \$ 19,135 | \$ -14,129 |
| 1,700 | Angiodynamics, Inc. | 27,018 | 43,452 | -16,434 |
| 2,000 | Asta Funding, Inc. | 49,584 | 51,060 | -1,476 |
| 12 | Berkshire Hathaway, Inc. | 55,121 | 20,285 | 34,836 |
| 2,400 | BJ's Restaurants | 43,927 | 52,326 | -8,399 |
| 1,600 | Blackboard, Inc. | 59,413 | 54,720 | 4,693 |
| 1,300 | Bright Horizons Family Solutions, Inc. | 62,725 | 49,383 | 13,342 |
| 2,000 | Build-a-Bear Workshops, Inc. | 17,941 | 55,045 | -37,104 |
| 3,000 | Clayton Holdings, Inc. | 11,025 | 48,386 | -37,361 |
| 1,800 | Comfort Systems USA, Inc. | 20,765 | 12,618 | 8,147 |
| 2,000 | Color Kinetics, Inc. | 68,000 | 38,836 | 29,164 |
| 1,800 | Dealer Track Holdings | 79,331 | 49,420 | 29,911 |
| 1,500 | Dolby Laboratories | 72,280 | 51,534 | 20,746 |
| 5,000 | Flanders Corporation | 32,301 | 54,193 | -21,892 |
| 440 | Huron Consulting Group | 31,047 | 18,154 | 12,893 |
| 2,000 | Intermec | 42,125 | 48,479 | -6,354 |
| 5,000 | Jamba, Inc. | 16,069 | 46,403 | -30,334 |
| 1,550 | KHD Humboldt Wedag Int'l., Ltd. | 45,161 | 35,780 | 9,381 |
| 1,000 | Life Time Fitness, Inc. | 51,516 | 48,673 | 2,843 |
| 2,500 | Movado Group, Inc. | 64,861 | 59,450 | 5,411 |
| 1,500 | Owens & Minor, Inc. | 58,598 | 55,006 | 3,592 |
| 1,000 | Pike Electric Corporation | 15,257 | 18,360 | -3,103 |
| 2,500 | Plantronics Corporation | 48,683 | 48,406 | 277 |
| 1,000 | Radiation Therapy Services, Inc. | 30,920 | 26,370 | 4,550 |
| 3,000 | Radvision, Limited | 34,041 | 48,125 | -14,084 |
| 1,000 | Rogers Corporation | 43,587 | 55,590 | -12,003 |
| 3,600 | Satyam Computer SVCS, Limited | 90,698 | 34,020 | 56,678 |
| 1,500 | Seracare Life Science, Inc. | 10,947 | 23,420 | -12,473 |
| 1,700 | Tower Group, Inc. | 54,099 | 48,802 | 5,297 |
| 2,300 | True Religion Jeans | 38,517 | 47,961 | -9,444 |
| 1,200 | Vodafone Group, PLC | 37,692 | 45,477 | -7,785 |
| 1,000 | Weight Watchers International, Inc. | 51,181 | 47,825 | 3,356 |
| | TOTAL SALES GROWTH FUND | \$ 1,369,436 | \$ 1,356,694 | \$ 12,742 |
| | INCOME FUND | | | |
| 100 | Bankers Trust New York Corporation | 100,000 | 111,618 | -11,618 |
| 100 | Bank of America Corporation | 105,126 | 108,128 | -3,002 |
| 100 | Comcast Corporation | 101,545 | 101,512 | 33 |
| 100 | DaimlerChrysler North America | 100,000 | 97,500 | 2,500 |
| | TOTAL SALES INCOME FUND | \$ 406,671 | \$ 418,758 | \$ -12,087 |
| | TOTAL PORTFOLIO SALES | \$ 1,776,107 | \$ 1,775,452 | \$ 655 |



UNITS

COST

GROWTH FUND

| | | | |
|------------------------------------|----------------------------------------|-----------|----------------|
| 900 | Belden, Inc. | \$ | 41,623 |
| 1,300 | Bright Horizons Family Solutions, Inc. | | 49,383 |
| 2,500 | CyberSource Corporation | | 37,215 |
| 5,000 | Domtar Corporation | | 36,065 |
| 1,700 | Eagle Bulk Shipping, Inc. | | 45,933 |
| 2,239 | JDS Uniphase Corporation | | 0 |
| 360 | K-Tron Int'l, Inc. | | 46,275 |
| 1,500 | Marvel Entertainment, Inc. | | 41,711 |
| 2,200 | Mellanox Technologies, Ltd. | | 40,490 |
| 400 | Monsanto | | 48,240 |
| 1,200 | MWI Veterinary Supply, Inc. | | 49,465 |
| 1,700 | Seaspan Corporation | | 43,101 |
| 2200 | Silicon Motion Technology Corporation | | 43,002 |
| 1,800 | Sun Hydraulics Corporation | | 53,501 |
| 2,200 | SWA REIT, Ltd. | | 0 |
| 1,300 | Synchronoss Technologies, Inc. | | 43,056 |
| 2,520 | Talisman Energy, Inc. | | 60,942 |
| 2,500 | Tata Motors, Ltd. | | 44,620 |
| 1,499 | Tennant Co. | | 48,536 |
| 1,200 | Vodafone Group, PLC | | 45,477 |
| 1,500 | Waste Connections, Inc. | | 47,812 |
| TOTAL GROWTH FUND PURCHASES | | \$ | 866,447 |

INCOME FUND

| | | | |
|------------------------------------|---------------------------|-----------|----------------|
| 100 | Coca Cola Enterprises | \$ | 127,678 |
| 100 | Florida Power Light Group | | 105,797 |
| TOTAL INCOME FUND PURCHASES | | \$ | 233,475 |

TOTAL PORTFOLIO PURCHASES

\$ 1,099,922

STATEMENT OF OPERATIONS

APPENDIX D

JUNE 1, 2007 – JUNE 30, 2008

INCOME:

| | | | |
|-----------|--|----|----------------|
| Dividends | | \$ | 52,836 |
| Interest | | | 87,495 |
| | | \$ | <u>140,331</u> |

EXPENSES:

| | | | |
|-------------------------|----|----------------|--------------|
| Administrative Expenses | \$ | <u>160,403</u> | ^a |
| | \$ | <u>160,403</u> | |

NET INVESTMENT INCOME:

-20,072

REALIZED GAIN [LOSS] ON INVESTMENTS:

| | | | |
|----------------------------------|----|------------------|-----|
| Proceeds from Securities Sold | \$ | 1,776,107 | |
| Cost of Securities Sold | | <u>1,775,452</u> | |
| Net Realized Gain on Investments | \$ | | 655 |

NET INCREASE [DECREASE] IN UNREALIZED APPRECIATION
ON INVESTMENTS:

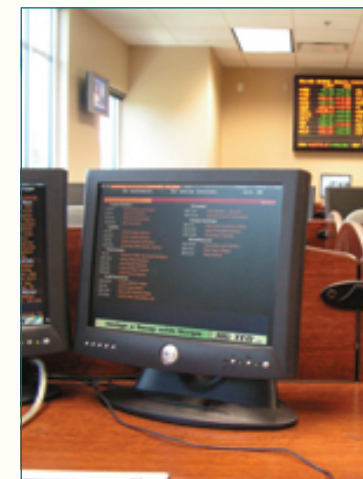
| | | |
|----------------------------------------|----|------------------|
| Market Value of Holdings | \$ | 2,688,678 |
| Cost of Holdings | | <u>2,655,403</u> |
| Unrealized Appreciation – 5/31/07 | | 33,275 |
| Less Unrealized Appreciation – 5/31/06 | | <u>364,801</u> |

| | | |
|-------------------------------------------------------|----|-----------------|
| Increase [Decrease] in Net Unrealized Appreciation | \$ | <u>-331,526</u> |
|-------------------------------------------------------|----|-----------------|

NET REALIZED GAIN [LOSS] AND INCREASE [DECREASE]
IN NET UNREALIZED APPRECIATION:

\$ -330,871

NET INCREASE [DECREASE] IN ASSETS:

\$ -350,943^a –2007–2008 administrative expenses deducted after June 30, 2008.

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



*Bloomberg
Morningstar Principia
Reuters Bridge
Thomson Baseline*

| | |
|---------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 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. | CEO and Chief Investment Officer, Hillcrest Asset Management, LLC, Dallas, TX. 1998–1999, 2002–2005, 2007–2008. |
| 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 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. 2001–2006. |
| 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. |

PROGRAM LECTURERS

APPENDIX E (CONT.)
1998–2008**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.

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.

formerly Director and Senior Fixed Income Portfolio Manager, Evergreen Investment Management Company, LLC, Jacksonville, FL. 1990–2008.

SERIO, MICHAEL J., CFA

Director and Investment Counselor, Citigroup Private Bank, Denver, CO. 1998, 2002–2008.

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. 1989–2008.

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.

