Roland George Investments Program

2009–2010 Annual Report

Roland George Investments Program
School of Business Administration
Stetson University

Telephone: (386) 822–7442

Stuart E. Michelson, 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

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.

RISE 2010 Team:
Mark Swick, Kayley Smothers and Chad McVeigh

"Back to normal – I think"

by Larry Belcher

"Sector allocations were made to take advantage of early-stage recovery."

This past year saw a return to some semblance of normalcy in financial markets. The stock market recovered, the bond markets picked up, businesses began to recover, and firms that were "bailed out" by the government began to repay what they owed. The flip side of this was what some economists and business analysts referred to as the "new normal", a state of increased volatility, more widespread financial panics, and larger scale business failures. The question on everyone's mind now is "What is normal?"

This was popularized in the idea of a "black swan" raised by Nassim Nicholas Taleb. A black swan is an event that is outside of the bounds of what we would consider "normal" because of its exceedingly low probability of occurrence or the impact of psychological variables in masse on certain events, causing unexpected outcomes. Taken in this light, things like financial panics should be expected even though they by their nature cannot be effectively planned for. Sometimes, financial professionals may create their own problems. One of the oft-cited causes of the collapse of Long Term Capital Management a number of years ago was that the sequence of events that undid the firm was assigned an extremely low probability of occurrence by their computer models. In other words, in Taleb's terms, a "black swan".

Financial models and "quants", the persons who construct and utilize them, were routinely bashed in analyses of the mortgage–backed security crash. Bankers and other financial professionals were derided because of reliance on complex computer models of financial assets or trading algorithms. The thought was that they should have "seen problems coming", but were blinded by models and what they told them.

The end result of this is that many analysts believe that these events are more likely now, and despite criticism of quantitative models, they cannot be predicted. This left investors in more of a reactive rather than proactive mode, including students in the George Program. After the market crashed, students had adjusted into more large cap dividend paying stocks to maintain some stability and income in the face of a brutal market decline. Then, those positions were slowly pared back and made way for the more "traditional" George type companies, mainly small cap growth oriented companies. Sector allocations were made to take advantage of early–stage recovery. Last year, those directives continued and positions were taken that were more oriented to a robust recovery. In that sense, our students' decision–making had returned to normal even if a certain amount of economic uncertainty remained. So for now, anyway, we are back on a small–cap growth track.

One item that might be considered more normal was another first place finish at the RISE Symposium portfolio competition, again in the Fixed Income category. This time I could not be there for the big event. Due to a scheduling conflict with an EMBA class, I was in the airport getting ready to fly back to Orlando when I got the news. It was the cherry on the top of another great year, and the type of event that I am willing to consider "normal" anytime.

Merit scholarship awards are provided by the Sarah George Investments Institute each fall and spring semester.

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 Nylen, Dr. H. Douglas Lee, and Professor Kenneth Jackson, developed the Roland George Investments Program.

Mr. Carter Randall, a panelist on PBS television's "Wall Street Week" and an investment consultant, was chosen as the first Distinguished Visiting Professor. He eventually served in that capacity six times. Mr. Randall was instrumental in guiding the students into the real world of investing with his knowledge and insight. He also enhanced the Program by attracting prominent investment professionals to Stetson University to teach the students.

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

Mr. Gerald T. Kennedy served as Distinguished Visiting Professor from 1982 to 1987. He introduced the use of computers to scan stocks meeting criteria selected from student research. The introduction of services such as Value Line and Dow Jones News Retrieval, in conjunction with data sources such as Zack's Icarus Services and the O'Neil Reports, taught students the use of sophisticated research materials.

Mrs. Sarah George passed away in 1988. In her will she left a gift of $3.6 million to establish the Roland and Sarah George Investments Institute. This Institute provides support for investments education at Stetson, such as symposiums to bring investment professionals and academic theorists together, and helps to provide access to research in investments for the School of Business faculty. The Stetson community greatly appreciates Mrs. George's generosity and vision for investments education.

The Program was enhanced by dividing the class into two semesters with the additional endowment provided by the George estate. Students focus on the Growth Fund and equity management techniques during the first semester. The second semester course places emphasis on management of the Income Fund, which comprises bonds and other income generating securities. Although monitoring the entire portfolio is essential throughout the year, this structure enables students to concentrate their efforts in a specific area of investments.

The George endowment has also allowed the Program to have a full–time resident professor with applied experience. Max Zavanelli was selected as the first Roland and Sarah George Professor of Applied Investments. Since then, Ned Schmidt, 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 30 years.

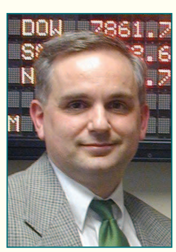
"...exposing students to experienced investment managers... ideal to prepare for a career in investments..."

— FACULTY —

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

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

— GUEST SPEAKER —



Michael J. Serio, CFA, CAIA
Managing Director,
JP Morgan
Denver, CO
Spring 2010

GROWTH PORTFOLIO STRATEGY

The Fall 2009 Semester began with a carryover portfolio from the previous year, which was more defensive in nature. It contained a number of large–cap stocks like Abbott Labs, Apple, Colgate, and Heinz. These companies had been added in the past to take advantage of relative stability and their dividend payment possibility.

As the year began, however, there was a desire to return the portfolio to a posture and composition that would benefit a strengthening economy in a more robust recovery. Many of the large–cap positions were planned to be sold off and the portfolio take on more of its "traditional" small–cap flavor. There was a desire to stay away from healthcare, housing, and utilities, as these sectors were seen to be very weak for the upcoming year. The class agreed to look into technology, materials and some retail or consumer discretionary that would benefit from the recovery.

GROWTH PORTFOLIO UPDATE

The Growth Portfolio ended the school year valued at a little over $1.5 million, up year to date 8.27 %. The class reduced the number of companies in the portfolio, desiring to keep around 15 names in the portfolio. Most of the large cap companies were liquidated and replaced with small cap firms. TJX and National Presto were strong performers during the year.

The class made some technology and materials investments as well as Diamond Foods, a producer of nuts for individual consumption as well as institutional use. The class also looked at foreign companies as well, believing that there was strong growth in China. The class also had a fairly large cash position, which was placed in a Russell 200 Index Fund until it could be better allocated.

INVESTMENT POLICY STATEMENT — FALL 2009

OBJECTIVE —

Maximize total return
Workout Period — 12 months

SUGGESTED CONSTRAINTS —

- Small–cap style:
  More than $1 billion Growth
- Sector:
  Deemphasize
  – Healthcare (insurance, service provider)
  – Housing
  – Utilities
- Guidelines for Growth:
  Valuations –
  P/E > 17
  or P/B > 2.5
  or P/S > 1.5
  or P/CF > 10

SUGGESTED LIQUIDITY GUIDELINES:—

- Price ≥ $5.00
- Daily trade volume ≥ 50,000 Shares
- Number of Analysts < 5

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 2010

Investment Objective —

Maximize total return within a 12 to 18–month workout period.

Constraints:

- The average portfolio duration is 5–7 years.
- No bond should be lower than BB rating.
- At least $50,000 total coupon income.

Additional notes:

The class expects interest rates to remain stable (+/– 50 bps). The class also expects the yield spread and volatility to be stable.

Income Fund Update

The Roland George Investments Program has a rich history of success with its fixed income portfolio. We approached this semester with the single goal of perpetuating that success. After placing second last year, the program regained its position as national champion in the fixed income category at the Redefining Investment Strategy Education (RISE) Symposium at the University of Dayton in March 2010. The total return for the fixed income portfolio was an impressive 12 percent for 2009.

The 2010 fixed income class began in the early stage of economic recovery. The Federal Reserve had announced its intentions to keep the Federal Funds Rate at a historically low level for the foreseeable future. Meanwhile, developing concerns regarding sovereign debt, particularly that of Greece, was a focus of credit market news throughout the semester. The class forecasted stable interest rates (movement of plus/minus 50 basis points), as well as stability in rate volatility and the yield spread. Because we believed rates would eventually begin to rise, we lowered our target duration to 5 to 7 years from the 8 to 12 year target duration of the previous class. We lowered our minimum credit rating to BB to take advantage of opportunities to generate return by assuming more credit risk.

The class began the semester with a large cash balance of over $350,000 in the fixed income portfolio. After completing four bond swaps and three outright purchases, the portfolio today is almost fully invested. As of May 12, the fixed income portfolio had a cash balance of $36,508 and investments in securities of $1,130,145 for a total value of $1,166,653. The year–to–date return for the portfolio wass 2.06 percent, which is slightly lagging the year–to–date 2.40 percent benchmark return of the U.S. Aggregate Short–Term Bond Index (USSBX).

Class of 2010

Left to right –
Row 1: Jacqueline Murphy, Kayley Smothers, Chad McVeigh, Jordan Slingo
Row 2: Robyn Mike–Mayer, Stacey Hudson, Tyler Ward, Joe Brown, Blaine Cherry
Row 3: David Burns, Erich Holland, Randy Snell, Ryan Jungk
Row 4: Justin Hunter, Mark Swick, Jan Anguel, Austin Garcia–Cooper

(Not pictured: Adel Alghamdi, Camiel Canters, Nicholas Eure, Christopher Fay, Luis Fermin, Gregory Mullins, Charles Page, Pamela Peterson, Al Housein Qureiyeh, and Eric Seidel)

Cinnamond Tops Bill Gross in Lone Victory for Stocks Over Bonds

By Charles Stein

June 3, 2009 (Bloomberg) — At a time when bonds are outperforming equities, Eric Cinnamond is the only diversified stock manager to beat Bill Gross's Pimco Total Return Fund, the world's biggest fixed–income fund.

Cinnamond's $105 million Intrepid Small Cap Fund gained an average of 10.8 percent in the three years ended May 26, compared with 7.8 percent by Pimco Total Return, which has $150 billion in assets. Cinnamond's fund, started in October 2005, ranked first among 2,300 domestic equity funds in the period, according to Morningstar Inc., the Chicago–based research firm.

Intrepid Small Cap topped its benchmark, the Russell 2000 Index, by avoiding financial and energy stocks and buying recession–resistant companies such as cat–litter maker Oil–Dri Corp. Cinnamond also built up cash when he couldn't find investments he liked, and stayed out of the housing market.

"We are trying not to lose money," the Jacksonville Beach, Florida-based manager, 38, said in a phone interview. "I stay true to my discipline. I don't buy things above what they are worth."

The fund, focused on companies with market values of $5 billion or less, returned 10.4 percent in 2007, compared with a loss of 1.56 percent by the Russell 2000. It dropped 7.12 percent last year, when the index tumbled 34 percent.

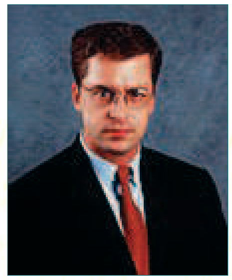
Cinnamond returned 14.6 percent in 2006, trailing the benchmark's 18.5 percent increase.

"People don't need us when things are going up and lower quality stocks are doing better," he said.

Gross's Edge

Cinnamond has managed small–cap stocks for Intrepid Capital Corp., which oversees about $400 million, since 1998. A 1993 graduate of Stetson University in DeLand, Florida, with a degree in finance, he previously worked at Evergreen Asset Management in Purchase, New York.

Pimco Total Return outperformed all general bond funds in the past three years except one, Target Intermediate–Term Bond Portfolio, run by Paul McCulley, which returned 7.9 percent annually. Gross did so by being early in recognizing the severity of the U.S. housing slump and shunning low–quality mortgage



and corporate debt, Lawrence Jones, a Morningstar analyst, said in an interview.

"If you get most of your bets right and avoid the pitfalls, you will trounce your competition," Jones said.

Pimco Total Return posted higher gains than all but nine diversified equity funds over the past five years. It outperformed more than 92 percent of stock funds over 10 years, Morningstar found.

Gross's edge over equity managers illustrates how poorly stocks have fared. For the past three– and five–year periods, the average stock fund lost 10 percent and 1.6 percent a year, while the average bond fund produced gains of 2 percent and 2.9 percent annually, Morningstar data show.

Out of Housing

Mark Porterfield, a spokesman for Newport Beach, California-based Pimco, didn't respond to an e–mail asking for comment from Gross.

Cinnamond said steering clear of residential real estate also enhanced his results. "The fund benefited from not attending the housing bubble party," he wrote to shareholders in an April 2008 letter.

Small–cap stocks were expensive, Cinnamond wrote in an October 2007 letter to shareholders, in which he said they were selling at "nearly 40 times earnings." The Russell 2000 reached its all–time high on July 13, 2007, Bloomberg data show. Intrepid Small Cap kept 37 percent of its assets in cash at the end of September 2007, according to a regulatory filing.

Cinnamond said the fund excelled in 2008 because it had a cash hoard and a number of companies able to weather the economic and market slump, such as Chicago–based Oil–Dri, the world's leading maker of cat litter.

'What We Like'

"It's a perfect example of what we like," he said. "It has a good balance sheet, good cash flow and it is predictable."

Oil–Dri fell 15 percent last year. Another holding, Applied Signal Technology Inc., rose 32 percent. The Sunnyvale, California–based company sells software to the military and intelligence agencies, according to Bloomberg data.

Cinnamond said he reduced cash in the fourth quarter and invested more than 20 percent of the fund in energy stocks such as Patterson–UTI Energy Inc. The Snyder, Texas–based oil and gas driller was the fund's third–largest position at the end of March, Bloomberg data show.

Cinnamond said Patterson will post "awful earnings" in the near term. He expects profit to improve as natural–gas prices rise. Patterson shares climbed 32 percent this year.

continued on next page

MERIT SCHOLARS – 2009–2010

Left to right –
Row 1: Chad McVeigh, Stacey Hudson, Ryan Jungk, Randy Snell
Row 2: Justin Hunter, Jordan Slingo, Austin Garcia-Cooper, Jan Anguel

Stocks to Outperform

Intrepid Small Cap returned 15 percent through May 26 as the Russell 2000 gained 2.1 percent, Bloomberg data show. It is one of two small–cap value funds to generate positive average annual returns over the past three years, according to Morningstar.

Jack Ablin, chief investment officer at Harris Private Bank in Chicago, said bond managers have been helped by a "secular decline" in interest rates that began in the early 1980s. "That decline allowed bonds to post very impressive returns against stocks," he said in an interview.

Ablin, who oversees $60 billion, said today's relatively low interest rates make a repeat performance less likely.

"The deck is stacked in favor of equities in the coming decade," he said.

To contact the reporter on this story: Charles Stein in Boston at cstein4@bloomberg.net.

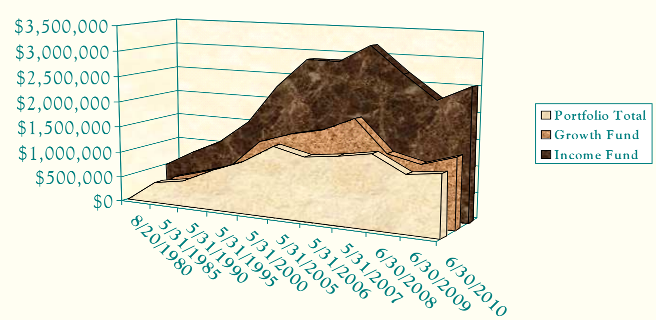
6/30/2010

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	b
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	1,491,732	2,862,695	b
05/31/06	1,227,069	1,631,060	2,858,129	b
05/31/07	1,296,182	1,898,606	3,194,788	b
06/30/08*	1,397,712	1,290,966	2,688,678	b
06/30/09	1,088,834	1,161,630	2,250,464	b
06/30/10	1,176,859	1,355,353	2,532,212	

[a] – Includes subsequent gift of $ 86,792 in February 1982.
[b] – Program expenses deducted after the end of the fiscal year.
* – Stetson University extended the fiscal year to encompass 06/01/07 through 06/30/08.

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.

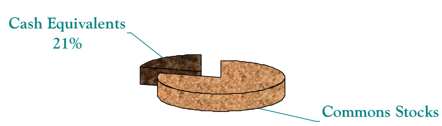
TOTAL PORTFOLIO VALUE



GROWTH FUND — 06/30/10

SHARES	DESCRIPTION		COST		MARKET
COMMON STOCKS					
3900	A Power Energy Generation Systems (APWR)	$	42,946	$	27,768
300	Apple, Inc. (APPL)		27,539		75,459
3000	Balchem Corp. (BCPC)		65,041		75,000
1,700	Blue Earth Refineries, Inc. (BUERF)		0		1,020
4140	Calgon Carbon Corp. (CCC)		59,245		54,814
7,335	China Transinfo Corp. (CTFO)		62,639		39,829
1800	Diamond Foods (DMND)		56,686		73,980
1,000	Gilead Sciences, Inc. (GILD)		49,489		34,280
6,200	I–Shares TR Russell 2000 Index Fund (IWM)		424,002		378,913
3,600	Interactive Intelligence (ININ)		66,645		59,148
550	International Business Machines Corp. (IBM)		46,003		67,914
1,886	Mass Financial Corporation		0		17,351
660	National Presto Industries, Inc. (NPK)		60,478		61,288
1,900	TJX Companies, Inc., (TJX)		46,263		79,705
12,256	ZAGG, Inc. (ZAGG)		54,163		35,175
	TOTAL COMMON STOCKS		**1,061,139**		**1,081,644**
TOTAL SECURITIES		$	**1,061,139**	$	**1,081,644**
TOTAL CASH EQUIVALENTS		$	**273,709**	$	**273,709**
TOTAL GROWTH FUNDS ASSETS		$	**1,334,848**	$	**1,355,353**

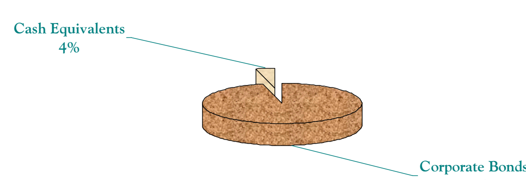
GROWTH FUND



INCOME FUND — 06/30/10

UNITS	CORPORATE BONDS		COST		MARKET
100	Aetna, Inc.	$	118,440	$	107,308
100	Alcoa, Inc.		99,590		95,178
100	Altria Group		110,430		131,013
100	R. R. Donnelley and Sons		131,663		126,988
100	Fortune Brands		119,927		127,045
100	General Electric Capital		102,960		106,229
100	Hospitality Trust		99,146		96,055
100	Morgan Stanley		111,275		104,649
100	Reynolds American		109,761		106,250
100	Sempra Energy		134,532		131,947
	TOTAL CORPORATE BONDS	$	**1,137,724**		**1,132,662**
TOTAL INCOME INSTRUMENTS		$	**1,137,724**		**1,132,662**
TOTAL CASH EQUIVALENTS		$	**44,197**		**44,197**
TOTAL INCOME FUNDS ASSETS		$	**1,181,921**		**1,176,859**
TOTAL GROWTH FUND ASSETS			**1,334,848**		**1,355,353**
TOTAL PORTFOLIO ASSETS		$	**2,516,769**	$	**2,532,212**

INCOME FUND



Sales

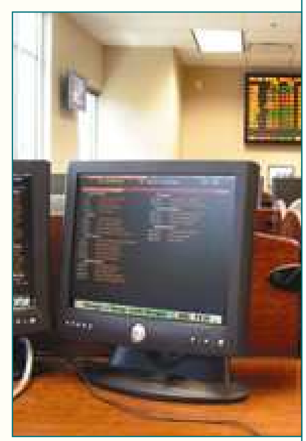
Units		Sales Price	Net Cost	Profit (Loss)
Growth Fund				
1,050	Abbott Labs (ABI)	$ 56,954	$ 57,194	$ -240
900	Amedisys, Inc. (AMEI)	35,946	44,768	-8,822
650	Berkshire Hathaway, Inc. (BRKB)	51,575	22,139	29,436
930	Boeing Company (BA)	48,140	35,089	13,051
1,300	Campbell Soup Company (CPB)	42,436	38,580	3,856
1,100	Canadian Pacific Railway, Ltd. (CP)	57,509	43,479	14,030
800	Colgate Palmolive Company (CL)	66,089	46,144	19,945
3,925	Comfort Systems USA, Inc. (FIX)	48,298	38,554	9,744
800	Devry, Inc. (DV)	43,415	42,207	1,208
1,000	Diageo, PLC (DEO)	62,012	53,109	8,903
625	Dun & Bradstreet CP (DNB)	46,384	46,948	-564
1,700	Eagle Bulk Shipping, Inc. (EGLE)	8,851	45,933	-37,082
800	Edwards Life Sciences (EW)	72,995	57,527	15,468
1,100	Heinz H. J. Co. (HNZ)	44,156	36,463	7,693
760	Huron Consulting Group (HURN)	17,686	31,359	-13,673
1000	I-Shares TR Russell 2000 (IWM)	59,571	58,890	681
1,500	Marvel Entertainment, Inc.	74,750	41,711	33,039
400	Monsanto	30,594	48,240	-17,646
1,200	MWI Veterinary Supply, Inc.	47,467	49,465	-1,998
1,200	Nustar Energy, LP (NS)	62,909	51,328	11,581
2,772	Panhandle Oil & Gas, Inc. (PHX)	69,553	63,027	6,526
2,800	Petmed Express, Inc.	51,949	44,872	7,077
1,700	Seaspan Corporation	14,869	43,101	-28,232
500	Seracare Life Science, Inc.	2,130	5,855	-3,725
9200	Silicon Motion Technology Corporation	27,406	43,002	-15,596
1,000	Snap-On, Inc.	35,620	39,899	4,279
2,700	Ultra Clean Technologies, Inc.	13,211	39,457	-26,246
1,500	Waste Connections, Inc.	46,790	47,812	-1,022
	Total Sales – Growth Fund	**$ 1,239,265**	**$ 1,216,152**	**$ 23,113**
Income Fund				
Corporate Bonds				
100	Coca Cola Enterprises	129,391	127,678	1,713
100	Florida Power & Light Group	109,490	105,797	3,693
100	Verizon Communications, Inc.	104,298	99,777	4,521
	Total Sales – Corporate Bonds	**$ 343,179**	**$ 333,252**	**$ 9,927**
U.S. Treasury Notes				
50	U.S. Treasury Inflation Protection Securities "TIPS" 4.25% 01/15/10	51,365	51,661	-296
100	U.S. Treasury Inflation Protection Securities "TIPS" 2% 01/15/26	110,492	102,970	7,522
	Total Sales – U.S. Treasury Notes	**$ 161,857**	**$ 154,631**	**$ 7,226**
	Total Sales – Income Fund	**$ 505,036**	**$ 487,883**	**$ 17,153**
Total Portfolio Sales		**$ 1,744,301**	**$ 1,704,035**	**$ 40,266**

Purchases

Units			Cost
Growth Fund			
3900	A Power Energy Generation Systems (APWR)	$	42,947
2000	Balchem Corp. w/stock split shares (BCPC)		65,042
4140	Calgon Carbon Corp. (CCC)		59,245
7,335	China Transinfo Corp. (CTFO)		62,639
1800	Diamond Foods (DMND)		56,686
800	Edwards Life Sciences (EW)		57,527
3,600	Interactive Intelligence (ININ)		66,645
7,200	I-Shares TR Russell 2000 Index Fund (IWM)		424,002
660	National Presto Industries, Inc. (NPK)		60,478
2,772	Panhandle Oil & Gas, Inc. (PHX)		63,027
12,256	ZAGG, Inc. (ZAGG)		54,163
	Total Purchases – Growth Fund	$	**1,012,401**
Income Fund			
100	Alcoa, Inc.	$	99,590
100	R. R. Donnelley & Sons		131,663
100	Fortune Brands		119,927
100	Hospitality Trust		99,146
100	Morgan Stanley		111,275
100	Reynolds America		109,761
100	Sempra Energy		134,532
	Total Purchases – Income Fund	$	**805,894**
Total Portfolio Purchases		$	**1,818,295**

Appendix D
July 1, 2009 – June 30, 2010

Income:	
Dividends	$ 20,526
Interest	54,838
Taxes	– 258
	$ 75,106
Realized Gain [Loss] on Investments:	
Proceeds from Securities Sold	$ 1,744,301
Cost of Securities Sold	–1,704,035
Net Realized Gain on Investments	$ 40,266
Beginning Portfolio Value:	$ 2,250,464
Income	75,106
	$ 2,325,570
Realized Gain [Loss]	40,266
Unrealized Gain [Loss]	166,376
Ending Portfolio Value:	$ 2,532,212
Expenses:	
Administrative Expenses [a]	$ –113,949
Portfolio Value (after expenses):	$ 2,418,263

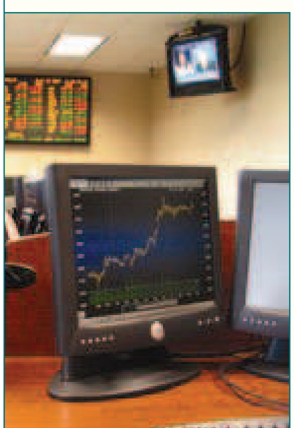


"...access to reasearch in investments for the School of Business..." including:

[a] 2009–2010 administrative expenses deducted after June 30, 2010.

APPENDIX E
2000–2010

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 Mangement, LLC, Dallas, TX. 1998–1999, 2002–2005, 2007.
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. Morningstar Ranked the Intrepid Small Cap Fund #1 (out of 382 funds) and #1 (out of 318 funds) in the Small Cap Value Category for the one–year and three–year periods, respectively. Stetson graduate (BBA 1993). 2006.
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.
RUPP, CHRISTOPHER A., CFA	Founder and Managing Partner, Dennard Rupp Gray & Easterly, LLC, Atlanta, GA. Stetson graduate (BBA 1993). 2000.
SCHUMACHER, ROBERT C.	Director and Senior Fixed Income Portfolio Manager, Evergreen Investment Management Company, LLC, Jacksonville, FL. 1990–2007.
SERIO, MICHAEL J., CFA, CAIA	Managing Director, JP Morgan, Denver, CO. 1998, 2002–2010.



Bloomberg
Morningstar Principia
Reuters Bridge
Thomson Baseline

APPENDIX E (CONT.)
2000–2010

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.

IN MEMORIAM

KENNEDY, GERALD T. (1934–1999)	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 (1927–1999)	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.

STETSON
UNIVERSITY

DeLand, Florida 32723