

ROLAND GEORGE INVESTMENTS PROGRAM
SCHOOL OF BUSINESS ADMINISTRATION
STETSON UNIVERSITY

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EUGENE M. AND CHRISTINE LYNN BUSINESS CENTER



*Pictured on cover: St. Paul Chapel, WTC
respite location for rescuers
(by Robert Higgins, '06).
WTC sky scraper (by Frank Wan, '06).
2006 competition 1st place trophy.
Famous WTC corner (by Dilshod Saidov).*

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.

This year as we prepared for another RISE symposium at the University of Dayton, we had some slightly different goals in mind. Dr. Jim Mallett, the previous director of the George Program, had approached me earlier in the year with a proposal for a sabbatical from Stetson. This is one of the great benefits of teaching as a profession, the ability to apply for a respite from normal activities to reflect and work in a concentrated fashion on a project of interest. Jim's idea was to develop a "template" for a student-managed fund program that we could use for international schools. The idea would be to foster global investment education in other parts of the world using the US model and with Stetson University taking the lead. Jim put together a proposal for a sabbatical from the University which was ultimately approved for the fall of 2006. He also accompanied Dr. Steve Barnett, Chair of the Marketing Department at Stetson University, to China to meet with some Chinese university contacts in the spring. Those meetings were educational in terms of seeing what was being done with business education in China.

This last point is no small matter to consider. The Chinese economy is growing at a faster pace than our own, yet their financial system is still very primitive by Western standards in many ways. There is also little in the way of management education in China, so many students go to other countries to business schools and the Chinese government is seeking to develop programs in their own universities. The same is true in other countries as well, as increasing foreign membership in AACSB, our accrediting body attests. As Jim and I talked, it became increasingly clear that we were facing an incredible opportunity to export some of the best practices of the George Program and other successful student-managed funds to developing business school curricula in all parts of the developing world, as well as to other more established areas like Europe.

This brought us back to something that Stetson University and the George Program had been instrumental in beginning: an Association of Student-Managed Investment Programs. Back about seven or eight years ago, Dr. Mallett and Dr. Andy Lerro, the former Chair of the Finance Department, had the idea to begin the association and laid the groundwork to get it established. After about five years, and with the focus on the RISE symposium, the association became dormant and we had not done much with it. Increased activity and interest from other schools as well as Jim's sabbatical proposal served as the catalyst to get the association moving again. There were some other fortuitous circumstances that moved the process along. At the RISE symposium, I had lunch with one of the former portfolio competition judges, who was extremely impressed with our team. We talked about the association over lunch and later,

in a faculty session, he mentioned it and me as the contact person. I got a great deal of interest at the meeting and afterwards. Then, in July, I was contacted by a Wall Street Journal reporter about student-managed funds and the association. It was only a line, but Stetson did make the WSJ! I got a lot more response from that and later, when I was on vacation, Dr. Stuart Michelson, Roland and Sarah George Professor of Finance, was interviewed by Bloomberg magazine about students managing real money portfolios. So with renewed national interest, we are redesigning web content, revising forms, and moving forward with this as well as Jim's work on the international association.

Last year, we talked about a number of initiatives that were percolating regarding moving the George Program forward and keeping us on the cutting edge of student fund activity. We talked about another fund that would be open to outside investors. We are doing due diligence on that and will be working with University Relations to get that in place. We ended the year with two successful semesters of a real estate finance course, taught by Mr. Steve LaFreniere, the president of the Quest Corporation, a large Orlando development and property management firm. We are surveying members of the association of student-managed investment programs about a conference for student-managed fund teachers and administrators at our facility in Celebration, which would include a portfolio competition with student presentations. If there is enough positive response (early response has been positive), we will begin planning on that. Stetson is also in negotiations to be a sponsor for StockTrak, one of the country's leading providers of portfolio simulation software for educators. This is mostly used by high school students in economics or business classes to teach portfolio management. This would be great exposure for our university and the George Program for thousands of high school students in a number of states.

Finally, as if that were not enough to keep everyone busy, we capped another successful year in the RISE competition by capturing first place in the undergraduate equity growth category. This was the only category that we finished second in out of all that we have entered — and we had a very satisfying 15% gross return for calendar year 2005. At this stage, we certainly have proven the point that we have a very successful program, and we want to continue to thank all of the alumni and friends that continue to help us improve on that success.

HISTORY OF THE PROGRAM

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.

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.

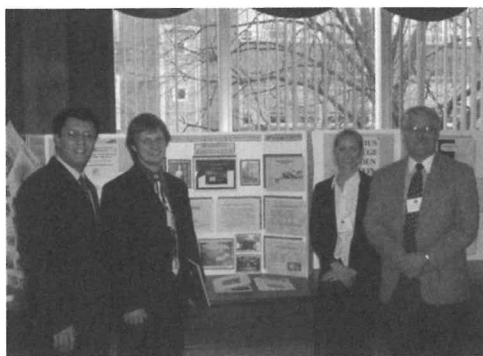
Mrs. Sarah George passed away in 1988. In her will she left a gift of \$3.6 million to establish the Roland and Sarah George Investments Institute. This Institute provides support for investments education at Stetson, such as symposiums to bring investment professionals and academic theorists together, 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 over \$2.8 million.

Mr. Roland George felt that exposing students to experienced investment managers and allowing them to participate in actual investment decisions were ideal ways to prepare for a career in investments. His dream has become a reality, and the program has met its goals successfully now for twenty-six years.



2006 RISE team in Dayton, OH:
 Dilshod Saidov, MBA student, Tashkent, Uzbekistan
 Blake Simpson, senior, Pensacola, FL
 Kelli Dreyes, senior, Vero Beach, FL
 Dr. Larry Belcher, Director, George Investments Institute

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

— FACULTY —

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



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

— GUEST SPEAKERS —



Eric Cinnamond, CFA
Vice President/Portfolio Mgr.,
Intrepid Capital Mgt., Inc.
Jacksonville, FL
Fall 2005

Timothy Hayes, CMT
Global Equity Strategist,
Ned Davis Research, Inc.
Sarasota, FL
Fall 2005



Michael J. Serio, CFA
Director and Investment Counselor,
Citigroup Private Bank
Denver, CO
Fall 2005



Robert C. Schumacher
Evergreen Investment
Management Company, LLC
Jacksonville, FL
Spring 2006



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

PORTFOLIO STRATEGY — 2005–2006

GROWTH PORTFOLIO STRATEGY

In setting our investment guidelines for the Fall 2005 Equity Class, we decided that the best strategy for us was not to put restrictions on any particular industry or designate any style concentration for our portfolio. This strategy turned out to be a very successful one as we generated a year-to-date return of 15% (as of December 31, 2005) against the 4.5% return of the S&P 500 over the same time period. As the market desperately attempted to create an end-of-the-year rally that would push the Dow Jones Industrial Average over 11,000, the Roland George Investments Program celebrated the close of another successful calendar year for our portfolio.

As you can see from the sector allocation comparison displayed with this report, we are heavily over weighted in the Health Care industry. This industry drastically dropped 30% in 2002 and has steadily begun to rebound, although not nearly as intensely as it did during the amazing late 90's when it increased 326% from April 1994 to April 1999.

We sold off our positions in the energy sector and decided not to invest any new funds in this industry, based on our historical strategy against chasing momentum. Due to the structure of our program, we are usually unable to get out of our momentum securities in time, typically resulting in losses.

Essentially, we kept the parameters that were previously established for acquisitions:

- ❖ An investment forecast horizon of 12–18 months
- ❖ A preference for small cap stocks with market capitalization between \$100 million and \$2 billion; younger companies less than five years old
- ❖ A move into service and defensive industries in anticipation of economic slowdown; less concentration in manufacturing and discretionary sectors
- ❖ Price greater than \$5.00
- ❖ Average trading volume > 50,000 shares
- ❖ 3 or fewer analysts covering the stock
- ❖ Concentration on liquid companies
- ❖ No recent good or bad performance.

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

GROWTH PORTFOLIO UPDATE

The future of the market is very uncertain, as an extremely negative outlook has recently turned for the better. In October 2005, the consumer confidence level hit its lowest point in at least three years along with inflation levels being higher than they have been in five years. However, since then, these indicators began to recover as the price of energy started to stabilize after the devastating effects of the summer hurricanes were digested in the markets. There are so many important factors that will determine how the market will play out in 2006 including whether the real estate boom will taper off as most analysts are predicting, whether or not we pull our troops out of Iraq, and how the Federal Reserve policy will change under Dr. Bernake.

Given the uncertainties that lie ahead we have attempted to position the Roland George Portfolio in such a way as to generate successful results for years to come.

*Information compiled by
Nicole Galinat (Dec. '05)*

SECTOR ALLOCATION COMPARISON			
SECTOR	GEORGE PROGRAM	S & P 500	DIFFERENCE
Health Care	35.0%	12.9%	22.1%
Information Technology	16.9%	15.5%	1.5%
Financials	16.6%	21.2%	-4.5%
Industrials	15.7%	11.2%	4.5%
Consumer Discretionary	14.0%	10.9%	3.1%
Utilities	1.8%	3.3%	-1.5%
Consumer Staples	0.0%	9.5%	-9.5%
Energy	0.0%	9.5%	-9.5%
Materials	0.0%	3.0%	-3.0%
Telecommunication	0.0%	3.1%	-3.1%
TOTAL	100.0%	100.0%	0.0%

With the outlook of the Fall 2005 class coming to fruition, the Roland George Investments Program took 1st Place in Equity - Growth at the 2006 RISE competition at the University of Dayton. You can read more about their accomplishment later in this report.

INCOME PORTFOLIO STRATEGY

In order to maximize the total return — with a workout period of 12–18 months — the following constraints were established by the Spring 2006 Fixed Income class:

- ◆ Portfolio income at least \$60,000
- ◆ Duration greater than 2, and less than 5 years
- ◆ Maturity greater than 3, and less than 10 years
- ◆ Have a rating no less than BB
- ◆ Bullet style portfolio

INCOME FUND UPDATE

The U.S. economy still seems to be strong, but it seems to be slowing to a more modest growth rate. Slowing in the housing sector and higher fuel costs have wreaked havoc on consumer spending causing the personal savings rate and discretionary spending to fall somewhat. The labor markets have shown continued productivity growth, which has helped to moderate labor costs, but the dollar may exhibit some downward pressure in the future.

The big question in the fixed income markets is always what will happen to the yield curve. Will it shift or change its shape in some manner? Right now the yield curve is relatively flat but if rising energy costs begin to cause there to be an inflation threat, then there is the fear that Chairman Bernacke will raise interest rates to slow the economy. This could be a problem if the rising energy costs dampen consumer confidence and business spending.

As we looked at the fixed income portfolio this year, we were concerned about the large amount of cash that we had in the portfolio. While there was not a huge difference between money market rates and long term yields, this kept our portfolio return from fixed income at a low 1%, or risk adjusted at 2.57%. We did make some changes as a result of this. We bought some more securities to become more fully invested and changed our portfolio somewhat. We bought some higher coupon bonds even though they did cost us some more to obtain. One of our bonds also matured, so we needed to replace that one with another in the portfolio. The main objectives were to keep the quality high but also increase the amount of coupon income that the portfolio was generating. We also diversified somewhat, adding a heavy equipment manufacturer (Caterpillar), financial services company (Bank of America), communications provider (Verizon), and a health care provider (United Health Care). We anticipate that these changes will provide more income and diversity to the portfolio.

SECTOR ALLOCATION RGIP		S&P 500	
Basic Materials	5.3%	—	
Consumer Goods	11.5%	9.7%	
Energy	—	6.9%	
Financial	21.3%	Financial	20.3%
Hardware	—	—	10.8%
Healthcare	27.2%	Healthcare	14.4%
Industrials	11.2%	Industrials	13.7%
Media	—	Media	4.6%
Services	11.9%	Services	12.3%
Technology	11.6%	Technology	7.3%
TOTAL	100.0%	TOTAL	100.0%



MERIT SCHOLARS — 2005–2006

Left to right:
Blake Simpson, Trevor Whitley,
Kelli Dreves and Dilshod Saidov

(Not pictured: Thomas Bross, Nicole Galinat,
Ricky Velez, and Kadmiel Onodje.)

"STETSON STUDENTS RISK REAL THING IN \$3 MILLION INVESTMENT PORTFOLIO"

by Chris Anderson
Business Report Staff
Volusia/Flagler Business Report
May 15, 2006

While anyone can run a make-believe investment portfolio to try out skills needed to work on Wall Street, a group of Stetson University students manages the real thing — stock and bonds now worth \$3 million.

"When we were juniors, we played a game where we were given \$500 in fake money to invest in whatever," said Dilshod Saidov, a senior finance major who hopes eventually to manage investment portfolios professionally. "If you lose money, you don't care. But if you make a mistake with the real thing...it can be really bad."

As things have turned out, it has not been bad at all. The program started in 1980 with a gift of \$568,000. That means that over the past 26 years, under the management of successive groups of students and faculty advisors, the Stetson fund's average compounded rate of return has been better than 6.5 percent a year.

And that's after expenses such as information services and travel costs now amounting to about \$175,000 a year, said Larry Belcher, chairman of the university's finance department. He is also director of the Roland and Sarah George Investments Institute, named for the family that donated the seed money for the fund.

In a year-long contest against 59 other colleges and universities with similar real portfolios, the Stetson undergraduate money managers finished this year in first place in the equity growth portfolio category with a gross return of 15 percent.

Some 200 colleges and universities in the United States have similar funds bankrolled with real dollars, Belcher said. But the Stetson program is unusual in the latitude student managers have he said.

In the Stetson program, stock and bonds in the fund can be traded frequently and readily because the donor insisted on giving the student managers and their advisors that freedom, Belcher said. Many other similar programs elsewhere are hamstrung by rules, for example, that might permit trading only once a year, he said.

"Part of the reason we've been so successful is we can trade whenever we want to," he said. "We trade continuously throughout the semester."

However, during the summer when classes are out, the fund simply lets its investments ride, Belcher said.

Currently the portfolio is almost evenly divided, with \$1.6 million in stock and \$1.4 million in bonds.

About 20 students take a course on stocks in the fall and one on bonds in the spring. They recommend investments and a board of directors comprising of four students and two faculty members makes the ultimate decision on which stocks and bonds to buy and sell.

The purpose of running the portfolio is to complement the students' curriculum, Belcher said. He said 90 percent of his students want to be money managers or stock brokers after they graduate.

Saidov, the senior finance major, said managing a real portfolio and looking for stocks whose value will rise quickly requires a major commitment by students.

"Everybody works hard to find undervalued stock. For instance, we'll spend two to three weeks researching for new stock. And once we've bought it, we'll spend 10 to 20 hours doing a market analysis," he said.

"The money goes to (the institute's) budget and portfolio to use for the next year," Belcher said. "It also goes to travel, hardware, and research expenses."

The institute spends over \$100,000 in software data services and information services to receive real-time quotes.

"Our facilities are better than many small shops and terminals that brokers use," he said.

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

SUMMARY OF 26-YEAR PERFORMANCE 5/31/2006

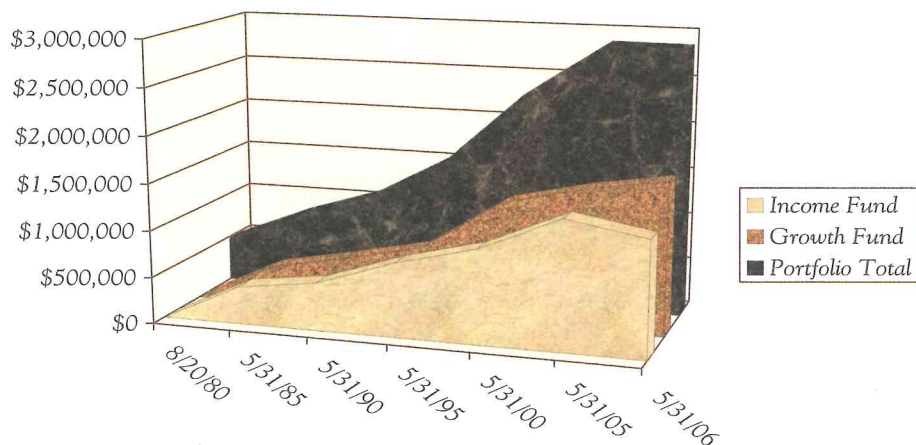
DATE	INCOME	GROWTH	TOTAL
08/20/80		**initial gift**	\$ 481,499
05/31/81	\$ 233,722	\$ 297,354	531,076
05/31/82	337,559	264,303	601,862 ^a
05/31/83	374,161	407,186	781,347
05/31/84	344,588	315,376	659,964
05/31/85	402,196	410,290	812,486
05/31/86	471,512	476,936	948,448
05/31/87	476,248	498,175	974,423
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

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

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

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

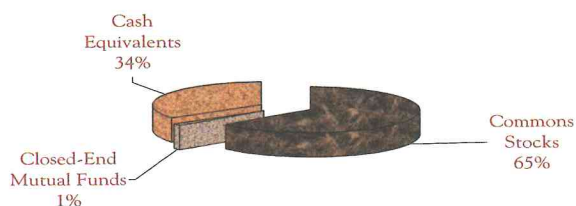
TOTAL PORTFOLIO VALUE



PORTFOLIO ASSETS
APPENDIX B
GROWTH FUND
5/31/2006

SHARES	DESCRIPTION	COST	MARKET
COMMON STOCKS			
5,000	American Bank Note Holographics, Inc.	\$ 19,135	\$ 13,500
1,700	Angiodynamics, Inc.	43,452	47,600
2,000	Asta Funding, Inc.	51,060	73,120
25	Berkshire Hathaway, Inc.	42,620	76,725
2,000	Blackboard, Inc.	54,720	52,960
1,700	Blue Earth Refineries, Inc.	0	2,261
3,000	Celadon Group, Inc.	46,620	83,910
5,500	Comfort Systems USA, Inc.	38,554	71,500
2,000	Cutera, Inc.	72,860	32,980
5,000	Flanders Corporation	54,193	50,750
3,000	Hi-Tech Pharmacal Company, Inc.	36,057	59,460
1,600	KHD Humboldt Wedag Int'l., Ltd.	36,934	43,984
1,600	Mass Financial Corporation (spinoff/KHD Humboldt)	0	2,880
2,500	Movado Group, Inc.	59,450	46,725
900	Multi-Fineline Elextronix, Inc.	24,804	29,943
1,000	Pike Electric Corporation	18,360	19,550
2,500	Pioneer Drilling Company	42,475	35,425
1,000	Radiation Therapy Services, Inc.	26,370	24,270
3,000	Radvision, Limited	48,125	49,530
1,000	Rogers Corporation	55,590	56,960
2,000	Satyam Computer SVCS, Limited	34,020	64,340
2,000	Seracare Life Science, Inc.	23,420	11,500
1,700	Tower Group, Inc.	48,802	52,717
2,500	U. S. Physical Therapy, Inc.	49,775	37,575
1,000	Weight Watchers International, Inc.	47,825	41,880
	TOTAL COMMONS STOCKS	\$ 975,221	\$ 1,082,045
CLOSED-END MUTUAL FUND			
1,400	AIM Advantage Health Science Fund	22,568	23,786
	TOTAL CLOSED-END MUTUAL FUND	\$ 22,568	23,786
TOTAL SECURITIES		\$ 997,789	\$ 1,105,831
TOTAL CASH EQUIVALENTS		\$ 525,229	\$ 525,229
TOTAL GROWTH FUNDS ASSETS		\$ 1,523,018	\$ 1,631,060

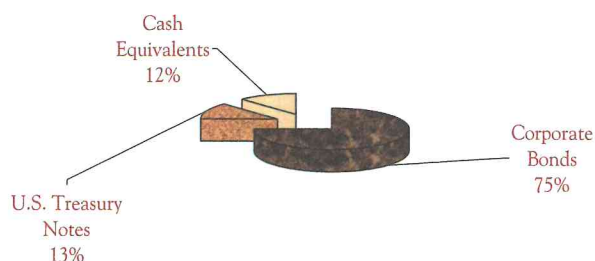
GROWTH FUND



PORTFOLIO ASSETS
APPENDIX B (CONT.)
INCOME FUND
5/31/2006

UNITS		COST	MARKET
CORPORATE BONDS			
100	Bankers Trust New York Corporation	\$ 111,618	\$ 103,385
100	Bank of America Corporation	108,128	106,595
100	Caterpillar Financial Services Corporation	100,519	97,785
100	Comcast Corporation	101,512	98,909
100	DaimlerChrysler North America	97,500	96,992
100	Electronic Data Systems Corporation	101,811	103,984
100	Ford Motor Company	99,900	91,500
100	United Helath Group, Inc.	97,410	95,674
100	Verizon Communications, Inc.	99,777	97,836
	TOTAL CORPORATE BONDS	\$ 918,175	\$ 892,660
U.S. TREASURY NOTES			
50	U.S. Treasury Inflation Protection Securities "TIPS" 4.25% 01/15/10	51,661	63,602
100	U.S. Treasury Inflation Protection Securities "TIPS" 3.5% 01/15/11	103,612	120,946
	TOTAL U.S. TREASURY NOTES	\$ 155,273	\$ 184,548
	TOTAL INCOME INSTRUMENTS	\$ 1,073,448	\$ 1,077,208
	TOTAL CASH EQUIVALENTS	\$ 149,861	\$ 149,861
	TOTAL INCOME FUNDS ASSETS	\$ 1,223,309	\$ 1,227,069
	TOTAL GROWTH FUND ASSETS	\$ 1,523,018	\$ 1,631,060
	TOTAL PORTFOLIO ASSETS	\$ 2,746,327	\$ 2,858,129

INCOME FUND



TRANSACTIONS
APPENDIX C
SALES

UNITS		SALES PRICE	NET COST	PROFIT (Loss)
GROWTH FUND				
1,000	Analogic Corporation	\$ 47,038	\$ 41,330	\$ 5,708
850	Anteon Intl Corporation	37,812	30,243	7,569
5,000	Brigham Exploration Company	63,697	44,429	19,268
3,000	Brightpoint, Inc.	84,919	58,339	26,580
1,500	Buckle, Inc.	57,268	47,015	10,253
5,000	Fox & Hound Restaurant Group	81,500	40,490	41,010
1,875	Glacier Bancorp, Inc.	60,335	39,715	20,620
3,000	Inter Parfums, Inc.	44,968	44,408	560
2,400	Medical Action Industries, Inc.	44,895	26,070	18,825
5,000	Misonix, Inc.	31,046	43,370	-12,324
1,500	Molecular Devices Corporation	38,548	36,260	2,288
900	Multi-Fineline Elextronix, Inc.	30,482	24,795	5,687
5,500	Novamed, Inc.	38,635	38,497	139
2,000	NBTY, Inc.	43,718	30,368	13,350
7,000	Rocky Mountain Chocolate Factory, Inc.	109,063	51,450	57,613
2000	WCI Communities, Inc.	52,118	52,005	113
4,000	1-800-Flowers.com, Inc.	26,057	31,718	-5,661
12,000	Templeton Global Income Fund, Inc.	98,788	80,850	17,938
	TOTAL SALES GROWTH FUND	\$ 990,889	\$ 761,352	\$ 229,537
INCOME FUND				
100	Ford Motor Credit Company	\$ 100,000	\$ 101,791	\$ -1,791
100	Goldman Sachs Group, Inc.	110,873	104,814	6,059
100	Lehman Brothers	96,665	101,145	-4,480
100	Nationsbank Corporation	108,250	101,946	6,304
	TOTAL SALES INCOME FUND	\$ 415,788	\$ 409,696	6,092
TOTAL PORTFOLIO SALES		\$1,406,677	\$1,171,048	\$ 235,629

Class of 2006

(left to right – next page)

Row 1: Dr. Larry Belcher, Blake Simpson, Frank Wan, Catherine Reilly,
Liz Masih-Das, Kyle Ray and Dr. K. C. Ma

Row 2: Trevor Whitley, Robert Higgins, Dilshod Saidov, James Hickey, Bill Konrad, and Gretchen Jewell

Row 3: Byron Crust, Mitch Galizia, John Christiansen, and Mike Gatti

Row 4: Evan Alexander, Robert Latoza, Tyler Herbert, Kelli Dreves,
Tucker Robinson, Anders Asheim, and Bek Shodmonov

(Not pictured: Thomas Bross, Nicole Galinat, Kadmiel Onodje,
Maylynn Rivera and Ricardo Velez)

UNITS

COST

GROWTH FUND

1,700	Angiodynamics, Inc.	\$	43,452
2,000	Asta Funding, Inc.		51,060
2,000	Blackboard, Inc.		54,718
3,000	Brightpoint, Inc.		58,339
3,000	Celadon Group, Inc.		46,620
2,000	Cutera, Inc.		72,860
5,000	Flanders Corporation		54,193
1,600	KHD Humboldt Wedag Int'l., Ltd.		36,934
2,500	Movado Group, Inc.		59,450
1,800	Multi-Fineline Elelectronix, Inc.		49,608
5,500	Novamed, Inc.		38,497
1,000	Pike Electric Corporation		18,360
2,500	Pioneer Drilling Company		42,483
1,000	Radiation Therapy Services, Inc.		26,370
3,000	Radvision, Limited		48,125
1,000	Rogers Corporation		55,590
1,700	Tower Group, Inc.		48,802
2,500	U. S. Physical Therapy, Inc.		49,775
TOTAL GROWTH FUND PURCHASES		\$	855,236

INCOME FUND

100	Lehman Brothers	\$	101,145
100	Bank of America Corporation		108,128
100	Caterpillar Financial Services Corporation		100,519
100	Comcast Corporation		101,512
100	United Helath Group, Inc.		97,410
100	Verizon Communications, Inc.		99,777
TOTAL INCOME FUND PURCHASES		\$	608,491

TOTAL PORTFOLIO PURCHASES

\$ 1,463,727



STATEMENT OF OPERATIONS
 APPENDIX D
 JUNE 1, 2005 – MAY 31, 2006

Income:

Dividends		\$	8,648
Interest			<u>79,788</u>
		\$	88,436

Expenses:

Custodial Fees	\$		
Administrative Expenses		<u>171,488</u>	^a
		\$	<u>-83,052</u>

Net Investment Income:

Realized Gain [Loss] on Investments:

Proceeds from Securities Sold	\$	1,406,677	
Cost of Securities Sold		<u>1,171,048</u>	
Net Realized Gain on Investments			\$ 235,629

Net Increase [Decrease] in Unrealized Appreciation on Investments:

Market Value of Holdings	\$	2,858,129	
Cost of Holdings		<u>2,746,327</u>	
Unrealized Appreciation - 5/31/06		111,802	
Less Unrealized Appreciation - 5/31/05		<u>272,904</u>	
Increase [Decrease] in Net Unrealized Appreciation			\$ <u>-161,102</u>

Net Realized Gain [Loss] and Increase [Decrease] in Net Unrealized Appreciation:

\$ 74,527

Net Increase [Decrease] in Assets:

\$ -8,525

^a -2005-2006 administrative expenses deducted after May 31, 2006.

ARELLANO, RICHARD C.	Equity Market Maker, Jefferies and Company, Dallas, TX. 1998, 2004.
BRYANT, CHARLES L.	Equity Analyst, Kennedy Capital Management, St. Louis, MO. Stetson graduate and Roland George Investments Program Merit Scholar (BBA 1995). 2000, 2002.
BRUCE, BRIAN R.	Director of Global Investments, PanAgora Asset Management, Sunbury, MA. 1998–1999, 2002–2005.
BUKOWSKI, DANIEL J.	Senior Vice–President and Director of Quantitative Research, Zurich Kemper Investments, Chicago, IL. 1998.
CASTLE, FRANK G., CFA	Andover Research/Castle Asset Management, Andover, MA.; 1998–2001 Roland and Sarah George Visiting Professor of Applied Investments. 2002.
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.
KENNEDY, GERALD T.	President, Kennedy Capital Management, Inc., Investment advisory firm ranked among the top quartile of investment advisors by S.E.I. Funds with more than \$1.6 billion under management; 1982–1987 Roland George Distinguished Visiting Professor of Investments. 1982–1999.

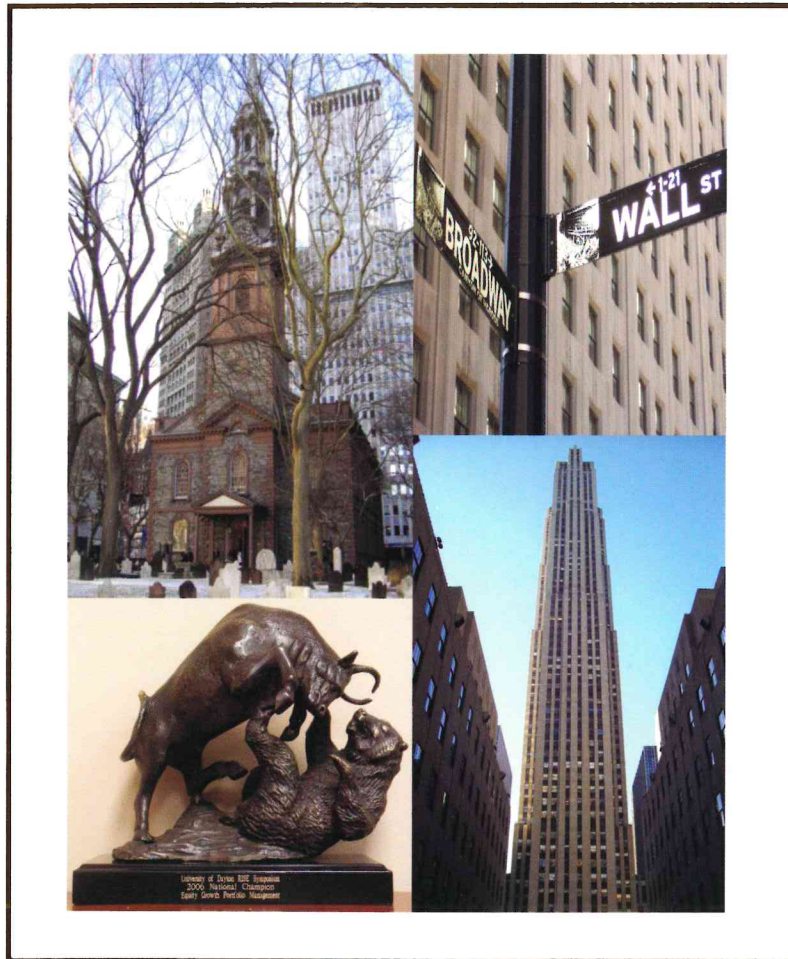
PROGRAM LECTURERS
APPENDIX E (CONT.)
1998–2006

RAJAN, ASH	Director of Client Equities, Prudential Securities National Sales Division, New York, NY. 2003.
RANDALL, B. CARTER	Investment Advisor, The Randall Company; 1981, 1988–91 Roland George Distinguished Visiting Professor of Investments; Panelist on PBS television's "Wall Street Week"; former Senior Vice-President, Sun Banks of Florida, Inc. 1981, 1982, 1984–1998.
RUPP, CHRISTOPHER A., CFA	Founder and Managing Partner, Dennard Rupp Gray & Easterly, LLC, Atlanta, GA. Stetson graduate (BBA 1993). 1999.
SCHUMACHER, ROBERT	Director and Senior Fixed Income Portfolio Manager, Evergreen Investment Management Company, LLC, Jacksonville, FL. 1990–2006.
SERIO, MICHAEL J., CFA	Senior Vice President, Stein Roe Investment Counsel, Chicago, IL. 1998, 2002–2006.
STOVALL, ROBERT, CFA	Managing Director, Wood Asset Management, Inc., Sarasota, FL; formerly Senior Vice President and Market Strategist, Prudential Securities, Inc., New York, NY; formerly President of Stovall Twenty-First Advisors, Inc.; CPA; panelist on PBS television's "Wall Street Week"; and columnist for Financial World magazine. 1989–2006.
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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