LETTER FROM THE GENERAL MANAGER

April 1, 1998

Dear Advisory Board Members and Faculty,

The Student Managed Investment Fund has had a successful year financially and operationally. The Spider Fund, as a whole, is up almost 40% since March 31, 1997. The Growth Fund realized a return of over 47% while the Value Fund's return was nearly 30%. Assets under management have grown from $177,513 to $248,514 during the fiscal year. We are proud of the return that we have generated for the endowment this year.

One innovation in the Fund's operation was to use limit orders to protect the portfolio holdings during the summer months. As well, both funds continued equity research and active portfolio management during this period. The local internships held by some of the managers contributed to the oversight and operation of the Fund. Each fund, as well as the General Manager, submitted monthly status reports to Dr. Charlton.

A second operational improvement was our formulation of a detailed philosophy and strategy for each fund. We found it challenging and valuable to develop sound philosophies, clearly articulated strategies, and appropriate tactics for the Value and Growth accounts. These guiding principles have resulted in more consistent portfolio management decisions. We have also continued to improve the documentation standards to maintain the continuity of the fund and to meet our fiduciary duty.

We have written a manual outlining the procedures we used to manage the Fund over the past year. This manual will serve as a valuable source of information for future managers. We hope that the manual will allow them to focus on the primary purpose of the Spider Fund -- investing. We see the new procedures and the manual as our contribution to the future success of the Fund.

Through a rigorous selection process that included applications, interviews and investment reports, we have chosen eleven new managers. Ryan Gable will serve as the General Manager. Jason Block, Bogdan Fleschiu, Michelle Hagedorn, Andrew Kerr, and Theresa Wills are the Value Fund managers. The Growth Fund managers are William Barnshaw, Laurie DeSalvo, Brian Dolan, Marc Langefeld, and Rudolph Letsche. We are confident that these new managers will uphold the standards of the Fund.

Through our management of the Fund, we have developed our abilities to analyze, research, and formulate decisions. We would like to thank the University for giving us the unique opportunity to apply what we have learned in the classroom. As well, we recognize the support and encouragement of the Advisory Board which is integral to the success of the Fund.

Sincerely,

John W. Stilmar
General Manager

Overview and History

The Student Managed Investment Fund provides valuable experience in applied financial management and security analysis. Managers gain real world experience in topics and theories that are discussed in the classroom. The Spider Fund is the capstone to investment studies in a sequence of courses developed by the Finance department.

The Student Managed Investment Fund was created in 1993 to provide a “hands-on” experience in research, investing, and portfolio management. The Fund provided exposure to the fundamental forces of the stock market. The program was started with a transfer of funds from the University’s endowment by the Board of Trustees, and overseen by the Vice President for Investments, Louis Moelchert, Jr. The Fund is currently valued at $248,514.94

Managers are chosen through a rigorous selection process that includes an application, a formal interview, and a written research report. The existing managers make all decisions with final approval from the Finance department faculty. Once selected, managers continue to take courses in an “investment track” consisting of Financial Management, Investments, and Security Analysis & Portfolio Management. The managers also receive three hours of academic credit for their participation in the Fund. Managers meet formally at least once a week to evaluate the status of the Fund and any other administrative duties that are pertinent to its success.

The investment fund is completely equity based and is split into a Value Account and a Growth Account. This year, the Value account is comprised of five managers, while the Growth Account functions with four managers. The General Manager actively participates in both funds and oversees management of the fund as a whole.

Managers act as both security analysts and portfolio managers. Through many different research sources, information is gathered to assist with the buy or sell decision. Practical investment knowledge is gained through field trips, internships, and a close working relationship with market professionals. The experiences and contacts dramatically enhance the educational experience of the fund managers.

The fund maintains working relationships with alumni and professionals in the financial services industry, especially those on the Advisory Board. We are grateful to the professionals that acted as mentors for the managers of the portfolio, as well as the faculty advisors from the Finance department.

As each year passes, the fund continues to grow financially and administratively. The Student Managed Investment Fund is one of the most unique and prestigious programs offered at the University of Richmond. The following article, published in the *Collegian*, reflects the growing recognition of the Fund and its impact on the students.

ARTICLE FROM *THE COLLEGIAN*
FEBRUARY 12, 1998

"Fund Teaches Hands-On Lesson"

by Kevin P. Farrell, Online Editor

With the help of the University of Richmond's endowment, a select group of finance majors are able to manage a real $200,000 stock portfolio.

The Student Managed Investment Fund, known as "Spider Fund," was created in 1993 when two students, Jeffrey McNeil and Mark Schlegel, with the support of the finance department, proposed the idea to the University, faculty advisor William Charlton said.

According to Spider Fund's 1997 annual report, "The fund was created to provide hands-on experience in research, investing and the fundamentals of the stock market."

John Stilmar, general manager, said there are 11 students participating this year, eight of whom serve as managers and two as analysts. There is also a general manager who serves as a liaison between the faculty advisors and the managers, along with performing other organizational duties.

According to Charlton, the students are free to decide how the money is invested as well as how to run the day-to-day operations of the fund. Students involved in the fund establish a philosophy and execute that philosophy, he said. In addition, the students write reports, decide which stocks to invest in and execute the trades, Charlton said.

The money allocated by the endowment is divided into two funds, a growth fund and a value fund, Stilmar said. Typically, the results of the investments vary from year to year. For example, last year the value fund gained 5.15 percent while the growth fund lost 14 percent.

"Through last week the value fund has made about 21 percent and the growth fund has made about 28 percent," Charlton said.

Greg Bondi, a Spider Fund member, said "The opportunity we are presented with is great. It is actual real money we are investing and a lot of responsibility comes with that."

Alumni and other professionals in the financial services industry act as mentors to the students, according to the annual report.

The selection process for the Spider Fund is a multi-stage process, Stilmar said. Students must major or minor in finance, have a minimum 3.0 overall grade point average and must have taken the investments class, Stilmar said. Once the applications have been reviewed, students are called in for interviews.

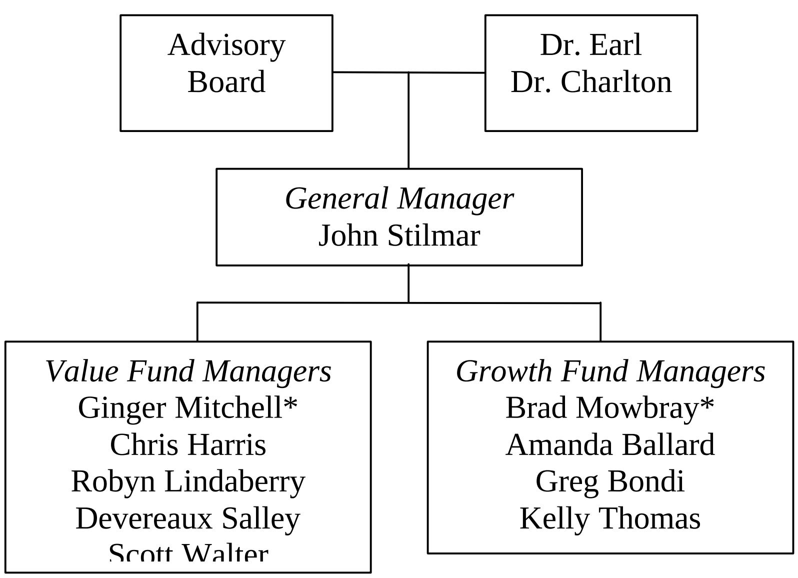
Those students who participate in the Spider Fund receive academic credit, along with valuable networking and hand-on experience, Charlton said.

A substantial time commitment is required for those students who are Spider Fund members, Charlton said.

"For the amount of work per hour, this class is one of the hardest in the school," Charlton said.

STRUCTURE OF THE SPIDER FUND

The Spider Fund is structured so that the students can work as a professional team of portfolio managers who are solely responsible for the management of the fund. The Advisory Board and the University of Richmond's Finance faculty serve as mentors, providing the necessary guidance. However, all investment decisions, as well as the selection for the following year's managers, are left to the students' discretion. Within the Fund, the General Manager is responsible for overseeing the performance of each fund as well as the administrative duties involved with maintaining the Fund. The Value and Growth Funds are each run by five managers. All managers are responsible for day-to-day operations and decisions. In addition, each fund is run independently and has its own investment strategy.



* Liaison to brokers

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GROWTH FUND PHILOSOPHY

The Growth Fund invests in strong companies in industries that have potential future price appreciation greater than the market, as measured by the S&P 500. Our philosophy is based upon the premise that markets are not efficient and an actively managed equity portfolio has the potential to outperform the market. We look for industries and companies that possess projected revenue and earnings growth predicted to exceed market expectations over a two to three year time frame.

GROWTH FUND STRATEGY

A strategic framework enables the fund to select equities and manage the portfolio according to a defined chain of events. Our strategy is a top-down portfolio analysis that includes a basic examination of the domestic economy, with a brief overview of global economies to the extent that they impact domestic industries and firms. We supplement this research with a more in depth investigation of growing industries and market sectors. We attempt to identify the industries that are projected to outperform the S&P 500 index in the coming year. Finally, we search within these industries to find companies that have projected revenue and earnings growth superior to that of industry peers. In addition, the top-down strategy is supplemented by a bottom-up approach, which utilizes stock screens to identify alternative growth investment opportunities.

GROWTH FUND TACTICS

The tactical process of our management begins once relevant economic variables, such as monetary policy, current industry legislation, and key economic indicators have been identified. Based upon our economic evaluation, industries and corresponding companies expected to prosper in the forecasted economic environment are selected for further review.

Industry assessment is measured against the S&P 500. Currently, the one and five-year projected earnings growth rates of this index are 6.5% and 7.1% respectively. We invest solely in industries whose estimated earnings growth rates exceed those of the S&P 500 on a one and five-year basis. Company selection within chosen industries is based on several variables, which include, but are not limited to:

1. Mid to large-capitalization issues.
2. One and five-year earnings growth superior to industry growth.
3. Minimum five-day average trading volume of 100,000 shares.
4. Issues trading above their 200-day, and preferably above their 50-day moving averages.

Managers consult a variety of research sources in order to assess the growth potential of selected industries and companies. These sources include: Value Line, Standard & Poor's Stock Reports, First Call Research Direct and News, and Bloomberg, in addition to advice from Advisory Board members and various business professionals. To date, our industry coverage includes Healthcare and Medical Supplies, Retail, Telecommunications, Computer Hardware, Software and Services, Information Technology, Regional Airlines, and Diversified Financial Services.

To further enhance the learning experience we have supplemented this top-down approach by selectively utilizing a bottom-up approach, whereby the fund identifies and selects equity issues through basic screening criteria such as earnings growth in excess of 20%, trading volume, and moving averages.

Our portfolio maintenance consists of a continual assessment of our positions within the portfolio. Every manager actively follows the fund's positions, and as such, we have chosen not to maintain buy or sell limit orders throughout the year, with the exception of the summer and Christmas holidays. We feel as though understanding industry and stock volatility is important in determining acceptable stock price ranges, and feel comfortable assessing individual circumstances on an issue by issue basis. We have attempted to identify price targets, on both the up and downsides. In order to maintain the fund's performance, issues that penetrate upside target prices are re-evaluated to determine a hold or sell decision. However, it is necessary to follow a strict sell discipline when evaluating securities that break downside target limits.

GROWTH FUND STATUS REPORT

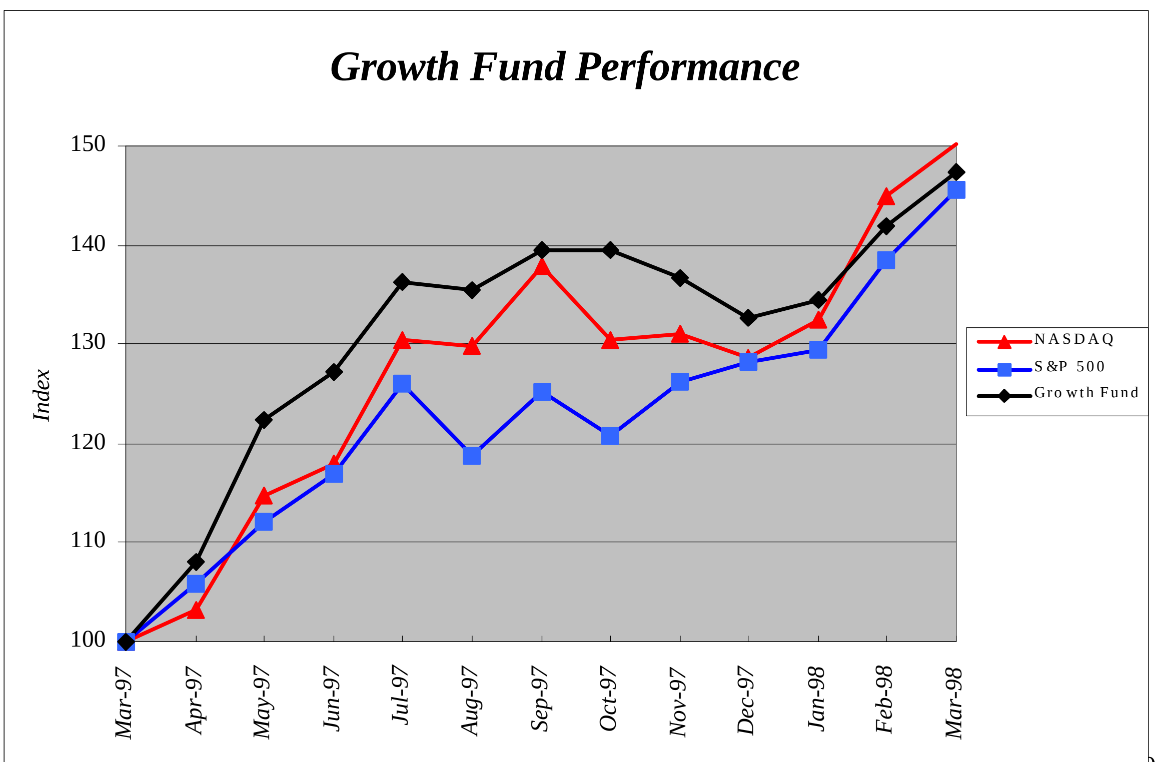
GROWTH FUND PERFORMANCE

The Growth Fund portfolio has appreciated 47.72% for the year, edging the S&P 500 index which represents the primary benchmark. The managers feel that the S&P 500 represents the best benchmark as the Growth portfolio is broadly diversified within growing industries. Traditionally the Nasdaq has represented a Growth benchmark,

The Growth portfolio outperformed an advancing broad market over the summer months. In approximately two-and-a-half months, Dell Computer, the Fund's first top-down stock selection, provided a holding period return of 26.5%. Safeskin Corp. (SFSK), Keane Inc. (KEA), and PRI Automation(PRIA) all provided returns in excess of 45% over this time period.

The superior performance over the summer months resulted in the penetration of several of our up-side price objectives. Re-investing became a top priority in the middle of the fall. During the month of October, in the midst of the Asian currency crisis, the Growth portfolio enjoyed a higher than average cash position, limiting downside exposure. Upon further development of our philosophy and research, we re-entered the market.

Since that time we have seen significant price appreciation in a number of our holdings; in particular, Orthodontic Centers of America, and Capital One. The Growth portfolio also suffered adversity in several stocks. Graham-Field Health dropped almost 60% before opening for trading,



PORTFOLIO BALANCE AT MONTH END

DATE	EQUITY VALUE	MONEY MARKET	TOTAL PORTFOLIO
30-Apr-97	$103,944.85	$5,684.25	$109,629.10
31-May-97	89,368.75	34,835.39	124,204.14
30-Jun-97	94,116.15	34,971.97	129,088.12
31-Jul-97	35,540.25	102,934.02	138,474.27
31-Aug-97	34,220.00	103,310.80	137,530.80
30-Sep-97	28,937.70	112,819.93	141,757.63
31-Oct-97	18,153.25	123,475.51	141,628.76
30-Nov-97	80,482.11	58,338.78	138,820.89
31-Dec-97	42,406.35	92,334.80	134,741.15
31-Jan-98	61,100.10	75,526.74	136,626.84
28-Feb-98	136,525.70	7,877.04	144,402.74
31-Mar-98	141,990.88	7,744.12	149,735.00

GROWTH FUND TRANSACTIONS
MARCH 31, 1997 to PRESENT

Stock	Ticker	Exchange	No. of Shares	Date Inherited/ Purchased	Inherited/ Purchase Price	Transaction Amount	Date Sold	Selling Price	Transaction Amount	Holding Period Return
Compaq	CPQ	NYSE	100	31-Mar-97	76.63	7,663.00	7-Jul-97	112.00	11,113.62	45.03%
Dallas Semiconductor	DS	NYSE	200	31-Mar-97	26.50	5,300.00	30-Sep-97	46.25	9,095.05	
Digital Equipment	DEC	NYSE	100	31-Mar-97	37.38	3,738.00	24-Jul-97	42.00	4,118.02	
Fibreboard	FBD	NYSE	300	31-Mar-97	34.63	10,389.00	15-May-97	45.00	13,289.19	27.92%
Integrated Health / RoTech	IHS	NASDAQ	319	31-Mar-97	31.25	10,128.25	23-Dec-97	29.00	9,071.50	
Keane	KEA	NYSE	174	31-Mar-97	16.56	2,881.44	21-May-97	56.00	9,580.87	66.20%
Motorola	MOT	NYSE	100	31-Mar-97	60.50	6,050.00	9-Jul-97	86.00	8,513.71	40.72%
National Media	NM	NYSE	500	31-Mar-97	8.50	4,250.00	28-Apr-97	6.63	3,182.92	-25.60%
Pizza Inn	PZZI	NASDAQ	1000	31-Mar-97	4.31	4,310.00	6-May-97	4.00	343.98	-20.19%
							13-May-97	4.00	3,464.92	-10.67%
PNC Bank	PNC	NYSE	200	31-Mar-97	40.00	8,000.00	6-Oct-97	52.00	10,233.65	
PRI Automation	PRIA	NASDAQ	200	31-Mar-97	23.88	4,776.00	16-May-97	35.63	14,023.63	46.81%
Safeskin	SFSK	NASDAQ	200	31-Mar-97	18.13	3,626.00	3-Jul-97	30.00	5,882.50	62.23%
SCI Systems	SCI	NYSE	200	31-Mar-97	25.31	5,062.00	11-Jul-97	75.00	14,833.50	46.49%
Sun Microsystems	SUNW	NASDAQ	200	31-Mar-97	28.88	5,776.00	16-Jul-97	45.00	8,847.94	
Sybron	SYB	NYSE	200	31-Mar-97	13.88	2,776.00	2-Dec-97	45.00	8,829.72	
Dell Computers	DELL	NASDAQ	100	28-May-97	114.69	11,564.75	15-Jul-97	145.13	14,426.01	
American Management	AMSY	NASDAQ	300	3-Nov-97	21.75	6,670.77				
Home Depot	HD	NYSE	150	3-Nov-97	56.69	8,668.02				
Noble Drilling	NE	NYSE	225	3-Nov-97	36.31	8,353.44	22-Dec-97	26.69	5,867.84	
Schlumberger	SLB	NYSE	75	3-Nov-97	89.75	6,817.25	9-Jan-98	71.75	5,295.07	-21.34
Air Touch	ATI	NYSE	200	6-Nov-97	40.00	8,157.06				
Compaq	CPQ	NYSE	200	6-Nov-97	33.22	6,739.75	9-Mar-98	25.13		
Omega Health	OHI	NYSE	200	6-Nov-97	36.00	7,346.72				
Adaptec	ADPT	NASDAQ	100	24-Nov-97	50.13	5,108.50	24-Dec-97	35.88	3,512.81	
Health Management	HMA	NYSE	300	24-Nov-97	25.25	7,734.35	22-Dec-97	21.50	6,320.40	
Borders Books	BGP	NYSE	200	28-Jan-98	32.63	6,663.01				
Orthodontic Centers	OCA	NYSE	500	28-Jan-98	15.50	7,927.15				
VWR Scientific	VWRX	NASDAQ	250	30-Jan-98	30.13	7,709.26				
Electronic Arts	ERTS	NYSE	200	2-Feb-98	35.75	7,280.51				
Gateway 2000	GTW	NYSE	200	4-Feb-98	40.88					
World Com	WCOM	NASDAQ	200	4-Feb-98	36.25					
Capital One	COF	NYSE	100	5-Feb-98	64.19	6,514.75				
Atlantic Coast Air	ACAI	NASDAQ	225	6-Feb-98	38.38					
Graham-Field Health	GFI	NYSE	400	6-Feb-98	17.00					
Analytical Surveys	ANLT	NASDAQ	250	18-Feb-98	44.75					
Omnicare	OCR	NYSE	300	18-Feb-98	34.06					

GROWTH FUND ECONOMIC OVERVIEW

The economy has been on an extended upswing since 1991, causing many to wonder when the impending downturn will happen. Others believe a new type of business cycle has been created, in which steady, extended growth is possible. Either way, the uncertainty concerning the future has affected our picture of the economy. In addition, the yield curve is relatively flat at present; investors are weighted heavily into stocks and are making no moves to alter their asset allocations. For our fund, based solely in equity, this is an excellent opportunity. Foreign markets have played a significant role in our stock selections this year, especially in regard to Southeast Asia. Technology and health care stocks both benefited and suffered from market fluctuations in this part of the world.

Over the past year, the market has performed extremely well, save a downturn in the late fall. The 550-point downturn may have seemed disastrous, but as a percentage of the current market level it was quite small. Investors demonstrated their confidence in the market by investing during the drop. The market is back on its upward pace. For the coming year we anticipate continued growth. There are no signs that this bull market is slowing anytime soon.

GROWTH FUND INDUSTRY OVERVIEW

COMPUTER INDUSTRY

The computer industry has faced investor uncertainty due to economic problems that have plagued Southeast Asia. Companies that are exposed to the global market and currencies will face a tough road ahead with the weakened economies and foreign currency exchanges. Many analysts have claimed that the demand for computers has been robust and that component costs are falling due to cheaper Asian parts. As a result, gross margins should increase by more than the predicted 27.5% stated by many analysts. Global PC unit shipments are expected to rise by 18% in 1998 as laptops, other portables and handhelds lead growth in this market. Higher demand for PCs is due in part to the recent sub-$1000 computer and the resulting lowering of PC prices. Consumers are attracted to a cheaper desktop price which gives them the incentive to replace their older systems. The computer hardware industry is continuing to consolidate as larger companies look for opportunities inside and outside the PC manufacturing business (Gateway, for example, acquired ALR for server production). Second tier companies are going to lose market share to the major players in this industry. Internet and Intranet usage has changed completely how businesses and customers interact.

COMPUTER SOFTWARE/SERVICES INDUSTRY

The computer software/services industry outperformed the S&P 500 last year. The industry registered returns of approximately 38%, while earnings grew some 46%. The industry is expected to outperform the index in 1998, as earnings estimates project one-year growth of approximately 37.1%. Five-year projected earnings should grow at an annual rate of approximately 28%. This is a multi-faceted industry, with firms offering a variety of software products ranging from those for personal computing, such as Windows based programs, to commercial database programs used to store and manipulate vast amounts of information.

DIVERSIFIED FINANCIAL SERVICES INDUSTRY (CREDIT CARDS)

Through December 1997, Consumer Finance share prices outpaced the broader market represented by the S&P 500. The strong economy and lower interest rates have led to strong consumer finance origination beginning back in 1995. The more successful firms are concentrating efforts on expanding product lines (student credit cards, personal aircraft financing, cellular telecommunication, etc). Estimates indicate a modest downturn in credit losses in 1998. Consolidations in 1997 reached a record level, and further consolidation is expected into 1998. Approximately 10% of industry's receivables ($37 billion) changed hands in 1997. One area of concern over the intermediate term is that personal bankruptcies reached all-time highs in 1997 fueled by lower interest rates and record low levels of unemployment. Although the number of personal bankruptcies is expected to increase in 1998, they should grow at a slower pace. The Fund will continue to monitor industry trends closely.

HEALTH CARE INDUSTRY

The health care industry ranks consistently among the S&P's top ten growth industries. Currently, certain sections of the health care industry demonstrate extraordinary growth potential. These segments include medical products, drugs and supplies, outpatient care and business services related to the health care industry. Medical products, drugs and supplies benefit from technological advances. Growth in outpatient and at-home care is largely a function of the aging population and society's desires to create a better transition from healthy lifestyle to assisted living. Finally, there is a business services component to our health care holdings. These management companies oversee the administrative functions of medical and dental practices, allowing the physicians and dentists to focus on treating patients. We have focused on these three areas of the industry in our research.

INFORMATION TECHNOLOGY INDUSTRY

The information technology (IT) industry has grown rapidly as service companies improve the way that other companies do business. The most recent industry catalysts have been the Year 2000 conversion problem and the continuing expansion of the Internet. Revenues are predicted to grow at an 18% average rate over the next five years, indicating strong demand for IT services in today's market. Over the past five years, commercial IT services have grown 1,133%, with government IT services growing 489%, and many companies have profited due to the high levels of demand. Corporations must operate more effectively and efficiently if they are going to remain competitive. The commercial IT services market has seen 25-35% revenue growth as companies continue to outsource to consulting firms that can help them run their business in a more strategic manner. In addition to the Year 2000 problem, some other major growth drivers for this industry include increased global competition, a growing world economy, shorter technology cycles and a lack of expertise within this market. These factors have all contributed to the success of the IT services industry.

MEDICAL SUPPLY DISTRIBUTION INDUSTRY

The total medical supply and device distribution market grew to approximately $7.0 billion in 1997. The fastest growing segments of the distribution market are biopharmaceutical and microelectronic, which together account for 40% of total market. Currently, biopharmaceutical companies spend approximately $1.8 billion on scientific research supplies, representing around 25% of the $7 billion market. These figures equate to a 12% increase in 1997 over previous years' growth of 8-10%. In addition, an aging U.S. population should boost demand for drugs and treatments. The over 65 age group should increase by about 16% from 1996 to 2010, while the age group of 45-64 is projected to increase by 47% over the same period. Demand for medical devices is not subject to economic cycles, as demand for these products remains very consistent.

REGIONAL AIRLINES INDUSTRY

The regional airline industry boasts a projected five-year average earnings growth rate of 15.8%. Oil prices began to decline late in fourth quarter 1997, and regional carriers should continue to benefit from lower fuel costs into at least the first quarter of 1998. The industry is also attractive because of its domestic focus, as the pacific-rim markets continue to trouble investors into the first quarter of 1998. The industry has benefited from a reduction in travel agent commission costs, which recently dropped from 10% to 8%. Many firms are also converting their fleets from older turbo-prop aircraft to regional jets, which provide lower ownership costs, and increased average passenger stage length. Firms are taking advantage of lower interest rates through aircraft re-financing. Indications are varied as to whether the airlines industry in general will outperform the broad market indexes in 1998. Through January 1998, traffic results and fuel prices continue to favor the industry, and the fund will monitor industry developments.

RETAIL INDUSTRY

Many factors lead us to believe that the retail industry is an attractive industry in which to invest. Although this is a cyclical industry, the economy has been on an uptrend for 6 years. During this time, the retail industry has been successful. Since the economy is predicted to continue along its current path, we anticipate that the retail industry will continue to grow. Consumer confidence was also at an all-time high. Because of the low interest rates, consumer use of credit was also reaching record levels. Inflation levels have been at some of the lowest levels ever. This indicates to us that low prices are likely to continue. Coupled with increases in personal income, retail shops have the potential of great gains. As for trends within the industry, consumers are now more focused on quality and value, convenience, and the "superstore" atmosphere. With the overcapacity of the 1980s having been consolidated, retail stores in general stand poised to capitalize on their growth.

TELECOMMUNICATIONS INDUSTRY

Telecommunication services and products are growing worldwide, and technological developments are attracting customers every day. Growth is coming from many areas like personal cellular and wireless services, Internet services, telephone, cable, and multimedia products. Overall, profit margins have been rising while costs have been declining due mainly to low interest rates. Low inflation rates are also likely to lower prices and boost profits. Several large companies have announced plans to merge with other competitors. This will solidify their position within the industry and broaden their exposure to the market. Finally, deregulation of the market is underway. If and when this does occur, local telephone companies will benefit, as they will then be allowed to compete in the long-distance market as well.

GROWTH FUND CURRENT HOLDINGS

This is a complete listing of Growth Fund Holdings as of 3/31/98.

Air Touch Communications (ATI): *Purchased 200 shares at $40 on 11/6/97*
Price 3/31/98: $48 15/16 Target Price: $59
Air Touch Communications provides wireless communication services and also deals in cellular, paging, and personal communications services. The company has a global presence and is extremely popular throughout Europe. Cellular subscriptions are increasing at a rate of 27% within the U.S. and at a rate of 85% abroad. As well, costs per customer are on the decline. Over the next five years, ATI's earnings are expected to grow over 36%, which also beats industry estimates.

American Management Systems (AMSY): *Purchased 300 Shares at $21 ¾ on 11/3/97*
Price as of 3/31/98: $27 ½ Target Price: $32
American Management Systems is an international business and information technology consulting firm, which uses its expertise to improve the performance of other organizations. The company targets the telecommunications, financial services, state, local and federal governments. It develops, integrates and licenses information systems and software for its clients. With the "Year 2000" dilemma facing many firms, the computer software and services markets are the fastest growing segments of the computer industry at 18%. In a strong market, AMSY has become the leader in some of the highest demand information systems such as billing and customer management systems. Despite a major contract loss in 1997, the company has been able to sustain a 19% average annual growth rate in earnings, which suggests the strength of the company's business.

Analytical Surveys Inc. (ANLT): *Purchased 250 shares at $44 ¾ on 2/18/98*
Price as of 3/31/98: $51 ¼ Target Price: $
Analytical Surveys is a leader in the Geographic Information Systems industry, and focuses on converting paper based maps and aerial photography into a digital format. ANLT's main customers are municipalities, utilities, and governments. Analytical Surveys has a projected 1998 earnings growth rate of 66%, while 1999 growth should be in the 30% range. First quarter 1998 earnings increased 109%, while revenues increased 129% year-to-year. The company also has an order backlog of $90 million, up from $30 million last year. These order backlogs should provide insight into future revenues and earnings. The computer service and software industry, most closely correlated with ANLT's business, is expected to post 28% earnings growth in 1998, following growth of around 46% in 1997.

Atlantic Coast Airlines (ACAI): *Purchased 225 shares at $38 3/8 on 2/6/98*
Price as of 3/31/98: $48 Target Price: $
Atlantic Coast Airlines, a regional carrier operating as United Express, has a route system spanning the entire east coast from Maine to Florida. Together with code-share partner United (UAL), Atlantic Coast has more daily flights out of Washington Dulles than all

other carriers combined. Regional carriers will continue to benefit from low fuel costs resulting from currently low oil prices; a lack of international, and in particular, Asian exposure; and continued operating efficiencies as carriers switch fleets over from turbo-prop aircraft to regional jets. Full-year 1996 earnings grew 83.6%, while 1997 earnings grew 20%. Earnings in 1998 are expected to grow between 43-49%, while five-year growth should remain above 20%, outpacing projected industry growth of around 15.8%. January traffic reports confirm growth estimations as traffic, capacity, and load factor all rose substantially. This may be one of our short-term investment positions.

Borders (BGP): *Purchased 200 shares at $32 5/8 on 1/28/98*
Price as of 3/31/98: $34 1/16 Target Price: $45
Borders is the second largest retail outlet of books, music, and related products. The company also operates Waldenbooks and Planet Music. The company is expanding its international presence and is developing new superstores within the United States. The company is fast growing with earnings expected to increase 25% annually over the next 3 to 5 years. BGP is a well-managed company with a low cost of capital and rising returns to capital and equity. BGP has not performed as expected, but a target price of around $40 is still quoted throughout investment reports.

Capital One Financial (COF): *Purchased 100 shares at $64 3/16 on 2/5/98*
Price as of 3/31/98: $78 7/8 Target Price: $
Capital One is one of the largest issuers of Visa and MasterCard credit cards in the United States, with over $12.8 billion in managed loans. The company has expanded operations into under-served markets, by providing second and third generation type products, such as student cards, student loans, aircraft loans, and secured cards. Capital One posted an account growth rate of 36.8% in 1997, which is the highest growth rate in the industry for the second consecutive year. Capital One recently changed their loan loss write-off policy to a more conservative method, believed to become the industry standard in a few years. As a result, some figures, such as the loan loss rate, appear to have risen in 1997, while they actually would have declined given the previous accounting policy. The company does have one of the higher delinquency rates in the industry, however the higher interest rates generated by second and third generation products have resulted in higher revenues.

Electronic Arts (ERTS): *Purchased 200 Shares at $35 ¾ on 2/2/98*
Price as of 3/31/98: $46 15/16 Target Price: $50
Electronic Arts Inc. creates, markets and distributes interactive entertainment software for a variety of platforms, including the Sega Saturn, Sony Playstation and Nintendo 64 systems. The company continues to see strong sales growth in the market for these products: sales grew 78% in the fiscal 3Q98 and 100% year-over-year growth. With the PC market growing at over 21% and the Nintendo 64 system estimated to grow at 250% this year, there is a strong indication that demand will remain strong for the company's product line. This, coupled with ERTS's introduction of the first profitable Internet-based game, will help continue their solid growth in 1998 and 1999.

Gateway 2000 (GTW): *Purchased 200 Shares at $40 7/8 on 2/4/98*
Price as of 3/31/98: $46 ¾ Target Price: $52

Gateway is the largest personal computer direct marketing company in the United States and it is the second largest in the world. The company develops and sells a broad line of desktop and portable PCs, convergence PCs, servers, workstations and other PC related products. Unit growth in sales increased 38% in 1997 to 850,000 units, beating Wall Street estimates of 829,000 units. The company's 4Q97 earnings of $0.59 per share was a turnaround from its 3Q97 loss of ($0.09) which was due to the shipment troubles they faced with the UPS strike. Revenues are predicted to increase by 25% in 1998. With strong cost controls the company achieve its estimated three-year EPS growth of 26%.

Home Depot (HD): *Purchased 150 shares at $56 11/16 on 11/3/97*
Price as of 3/31/98: $67 5/8 Target Price: $75

Home Depot is the market leader in retail building materials and home improvement products. They operate throughout the United States and Canada, and their stock ranges from plumbing and electrical supplies to lumber to lawn and garden products. HD is expected to grow more than 23% over the next three years, beating industry estimates. Last year earnings rose over 31% and same store sales grew by 7%. Thus far, the HD has had an exceptional and steady increase in stock price earning our portfolio over 16% in returns.

Omega Health Investors, Inc. (OHI): *Purchased 200 shares at $36 on 11/6/97*
Price as of 3/31/98: $39 Target Price: $42

Omega Health Investors, Inc. is a self-administered health care REIT which owns, leases and provides mortgage financing for long-term health care facilities throughout the United States. The company, with an affiliate, has expanded its nursing home financing to operators in the United Kingdom. The REIT industry is a rapidly growing one, and we felt OHI represented the most growth potential of the health care REITs. Although the dividend yield paid by OHI is substantial, it ranks among the lowest in its industry. In addition, the one-year total return for Omega is 36.53%. OHI's future growth potential, especially in the intermediate assisted living facility division, experienced management, and the aging of baby boomers should generate additional returns.

Omnicare, Inc. (OCR): *Purchased 300 shares for $34 1/16 on 2/18/98*
Price as of 3/31/98: $39 5/8 Target Price: $45 ½

Omnicare, Inc. is a provider of pharmacy services to long-term care institutions such as nursing homes, retirement centers and other institutional health care facilities. The company purchases, repackages and dispenses pharmaceuticals, both prescription and non-prescription and provides computerized medical record keeping and third party billing for patients in such facilities. Again, we see this industry as poised for growth (predicted 50% over the next three years). Pharmaceutical companies benefit from increases in the 85 and over population slated to increase at a rate of 3.5% per year. In addition, technological advancements continue to propel the industry, as does the recent tendency of companies to outsource all non-essential functions. Omnicare is the industry leader. With its management experience, potential for economies of scale, and diversification possibilities, Omnicare will fare well in an industry ripe for consolidation.

Orthodontic Centers of America (OCA): *Purchased 500 shares at $15 ½ on 1/28/98*
Price as of 3/31/98: $21 11/16 Target Price: $24

Orthodontic Centers of America is one of the leading companies in the dental practice management industry. Dental practice management companies work in combination with practicing dentists and orthodontists who effectively outsource administrative function to DPMs. The industry is largely untapped; not only are only 10% or so of dental practices involved with DPMs, but dental/orthodontic treatment is not considered a necessity by all people. Lower prices and easier access to dental/orthodontic facilities might encourage more people to visit dentists and orthodontists. In addition, revenues and expenses in this industry are predictable. OCA is a leader in an industry where many smaller firms are being acquired by larger firms to take advantage of economies of scale, especially in advertising costs. Same store revenues are increasing by 18% annually. EPS growth is projected to be 30% over the next three to five years. Growth in operations should continue through external and internal expansion.

Vantive Corporation (VNTV): *Purchased 300 shares at $36 ½ on 3/31/98*
Price as of 3/31/98: $36 9/16 Target Price: $47

Vantive Corporation is the second largest vendor in the front office automation market. The company is in business to provide call center management or help desk functions, automated sales, and customer support applications to their clients. This industry is a fast growing market that is still in its startup and introduction phase. The fragmentation within the market and projected growth rate of 35% over the next several years offers a great opportunity for Vantive to increase market share and customer orders. The company accordingly has increased revenues 80% over last year, as well as, increased operating margins from 19.1% to 19.7%. Earnings growth is expected to reach 30% for the next several years, wherein Vantive is expected to remain a dominant firm in the industry.

VWR Scientific (VWRX): *Purchased 250 shares at $30 1/8 on 1/30/98*
Price as of 3/31/98: $36 ½ Target Price: $

VWR Scientific is engaged in the distribution of medical equipment and supplies, and the firm is one of the top two largest in this consolidating industry, with a 20% market share. The total distribution market is estimated at $7 billion in 1997, up 4% from 1996 levels. The industry will continue to grow, and is not cyclical as demand for medical supplies and instruments remains consistent. VWRX's earnings are expected to grow around 27% in 1998, and 23% in 1999, while five-year growth estimates remain in the 20-30% range. The firm's proprietary inventory control and ordering systems allow for substantial cost reductions upwards of 80% for customers. In addition, recent legislation has lowered the time needed for bio-pharmaceutical firms to receive FDA approval, helping to spur growth in R&D development. This is a positive for VWRX, as 45% of the firm's sales come from bio-pharmaceutical firms.

World Com (WCOM): *Purchased 200 shares at $36 ¼ on 2/4/98*
Price as of 3/31/98: $43 1/16   Target Price: $50

World Com is a global telecommunications company and is ranked as the fourth largest United States long-distance carrier. The company provides local, long-distance, international, and Internet services to over 50 countries. Recently, WCOM announced that it would acquire MCI Communications (MCIC). The company is a market leader and realizes tremendous economies of scale. The main reason for buying this stock was its 30% average earnings estimates over the next five years. Although so far the performance of this stock has not compared with the growth of other stocks in our portfolio, it has earned a 20% return since its purchase. Our price target is $45.

GROWTH FUND PREVIOUS HOLDINGS

Adaptec Inc. (ADPT): *Purchased 100 shares at $50 1/8 on 11/24/97*
Sold 100 shares at $35 7/8 on 12/24/98

Adaptec is the dominant supplier of SCSI technology to the Intel based file server market. Corporate EPS estimates were cut by $.01 in mid-December and speculation on the stock caused it to drop dramatically over a few days time. We sold the stock as it continued to break through its previous support levels resulting in a 21.34% loss.

Compaq Computer (CPQ): *Held 100 Shares at $66 7/16 on 11/6/97*
Sold 100 shares at $________ on __________

Compaq is the leading manufacturer of personal computers in the world, with over half of its sales coming from outside the United States and Canada. Its products are sold in over 100 countries by 38,000 organizations, and this is expected to continue with the recent introduction of the sub-$1000 PC. This is geared towards stimulating individual consumer demand as seen by 3Q97 unit growth, which exceeded 16% overseas and 20% in the U.S. in 1998. Analysts predict a 17% industry growth rate and a 20% revenue growth for Compaq, as component costs and prices fall. Increased profit margins and their new Build-To-Order manufacturing capabilities have enabled Compaq to acquire more market share, driving competitors such as IBM and Packard Bell further and further away.

Dell Computer (DELL): *Held 100 shares at $114 11/16 on 5/28/97*
Sold 100 shares at $________ on ___________

Dell Computer is a worldwide leader in the direct marketing of computer hardware and has been one of the fastest growing companies in the industry. Their made-to-order computers have helped the company lead the industry in revenue and sales by offering quality products at lower prices, a result of their direct sales marketing strategy. Over the past two years the company has increased its earnings by 57.6% and 101.5%, and they continue to have high expectations for the future. Net income has doubled over the past year and their retained earnings of $647 million, allows them to expand their operations through reinvestment in the company. The company has a year-to-date return of 300%.

Compaq Corporation (CPQ): *Held 100 shares at $76 5/8 on _________*
Sold 100 shares at $_______ on _______

Compaq Computer Corp. designs, develops, and manufactures personal computers including portable, desktop, and notebook computers. Operations are located in Houston, Texas, Scotland, Singapore, Brazil, and China. Compaq, while volatile, has experienced a strong growth. Even with the strong gain, the company is only trading at 13 times earnings estimates. Earnings and sales growth have been strong and steady. Analysts predict 30% growth in earnings over a 12-month period.

Dallas Semiconductor (DS): *Held 200 shares at $26 ½ on ________*

Sold 200 shares at $_________ on _________

Dallas Semi develops and manufactures silicon integrated circuits and semiconductor-based subsystems. These circuits are used to provide solutions to electronic design problems. The company serves a variety of industries. Dallas Semi is an attractively valued stock in a highly profitable industry. They have had surprisingly strong earnings and sales growth. Their margins are high and they have no debt. New technology, such as the new DS 1075 EconOscillator, should propel growth in the future.

Digital Equipment (DEC): *Held 100 shares at $27 3/8 on ___________*

Sold 100 shares at $________ on __________

Digital Equipment develops network platforms for client/server computing. These large computers aid to simplify business and enhance productivity. Digital sells to over 100 countries and produces in the US, Europe, Asia, and the Pacific Rim. Due to poor management, DEC had lagged the industry for some time. The stock price is $35 off the 52 week high. We feel that management has completed restructuring and will soon be profitable. Intense marketing efforts as well as increased dependence on networks should push demand. Earnings have begun to turn around and should soon be positive.

Fibreboard (FBD): *Held 300 shares at $34 5/8 on _________*

Sold 300 shares at $________ on ____________

Fibreboard Corp. manufactures construction materials including vinyl siding and insulation. They are a constantly changing company, recently divesting three ski resorts and acquiring Gentek Building Products, a producer of aluminum windows, and Fabwel Inc., a roofing and siding manufacturer. With a strong management vision, the recent moves concentrated on the building materials industry while diversifying within the industry. FBD is experiencing strong growth both internally and externally. The company trades at a low multiple and is always rumored as an acquisition candidate.

Graham-Field Health Products (GFI): *Held 400 shares at $17 on 2/6/98*

Sold 400 shares at $______ on ________

Graham-Field Health Products, one of the leading manufacturers and distributors of medical products, was poised to succeed in its industry. It was realizing economies of scale from acquisitions, as well as rave reviews about its GF Express line promising fast order delivery. Following the release of fourth quarter earnings, in which GFI took a significant one-time charge of acquisition costs, the stock plunged almost 60%. The sell decision was made immediately. GFI is involved in several class action lawsuits at this time concerning failure to disclose information about the acquisitions, potentially benefiting future Growth Funds.

Health Management Associates (HMA): *Held 300 shares at* $25 ¼ *on 11/24/97*

Sold 300 shares at $________ on _________

Health Management Associates (HMA) operates 22 general hospitals and four psychiatric hospitals in rural areas of the Untied States. Their main competitor is Columbia/HCA Healthcare, from whom they have recently acquired a number of facilities. Although earnings expectations for the firm were strong, the stock penetrated downside limits put in place over winter break and was sold.

Keane Inc. (KEA): *Held ______ shares at $16 9/16 on ________*
Sold remaining 587 shares at $_______on ________
Keane provides software project management, design, and applications development services for large corporations and hospitals. Recently they have made significant progress in alleviating the "millennium 2000" problem associated with large mainframe computers. Keane has been one of the strongest holdings with returns well over 100%. We have shaved profits three times and still maintain a large position.

Motorola (MOT): *Held 100 shares at $60 ½ on _________*
Sold 100 shares at $_______ on ____________
Motorola provides a variety of products including wireless communications, semiconductors, and advanced electronic systems. The scope of products range from pagers to defense and space electronics. Motorola has long been an industry leader in a variety of strong industries. New products are released frequently. The share price has fallen lately due to a negative Wall Street Journal article, but the fundamentals remain strong.

National Media (NM): *Held 500 shares at $8 ½ on ----------*
Sold 500 shares at $_________ on _______
National Media markets a variety of products through the use of infomercials. They are heavily into product development for merchandise that can be sold via the television. Their products include automotive, personal care, household, and more. While in a potentially explosive industry, NM has struggled due to a variety of lawsuits. The stock price has been weak although a strong base has developed and the share price has been strong recently. Projections are for more than 200% growth in earnings over a 12-month period.

Noble Drilling Corp. (NE): *Held 225 shares at $36 5/16 on 11/3/97*
Sold 225 shares at ___________ on __________
The oilfield equipment/service and drilling industry has been strong for a number of years now as worldwide economies have expanded driving oil and gas prices higher. Noble is an offshore drilling contractor that owns one of the largest offshore fleets in the industry. Noble's primary focus is on deepwater and harsh environment drilling, and the firm currently has the largest fleet of equipment operable in these situations. Although Noble's rig capacity utilization rate was nearing 100%, a sharp decline in oil prices raised concern over previous earnings expectations, and sent the price of the stock through our downside limit.

Pizza Inn (PZZI): *Held 1000 shares at $4 5/16 on ________*
Sold 1000 shares at $________ on __________
Pizza Inn franchises and distributes food and supplies to a system of restaurants operating under the Pizza Inn name. There are five company-owned restaurants and 480 franchised restaurants operated both domestically and internationally. The company is experiencing strong growth, especially internationally. With over $58 million in market capitalization, it may be a while before the stock reacts. The current P/E multiple is 13 times earnings

estimates. Expansion is strong; over the next few years, the company plans to open 32 stores in Korea and 75 in the Philippines.

PNC Bank (PNC): *Held 200 shares at $40 on* ___________
Sold 200 shares at $_______ on _________

PNC Bank Corp. is a financial services company with operations in PA, NJ, DE, OH, KY, IN, MA, and FL. The company provides a variety of services including consumer banking, corporate banking, real estate banking, and asset management. The stock was purchased because it was at a valuable level in a booming industry. PNC had a relatively low multiple as well as an attractive dividend. Outlooks for the banking industry were strong and PNC had lagged previously. Overall, the stock had performed rather well.

Schlumberger Limited (SLB): *Held 75 shares at $89 ¾ on 11/3/97*
Sold 75 shares at $_______ on ________

Schlumberger is one of if not the largest player in the oilfield service and equipment industry. The fundamentals driving the success of this industry are related to those of the oilfield drilling industry. In November, industry wide rig-utilization was nearing 100%, and as more rigs entered service, there was an increasing need for equipment and service. Earnings growth rates for Schlumberger were projected at 26% for 1997, while five-year forecasted earnings growth was estimated at 20%. However industry fundamentals changed in December, as oil prices dropped sharply. Concerns of a decrease in oil exploration sent the price of Schlumberger's stock down, triggering our downside limit.

PRI Automation (PRIA): *Held 200 shares at $23 7/8 on* ________
Sold 200 shares at $_______ on __________

PRI Automations manufactures factory automation systems used in the fabrication of integrated circuits by semiconductor manufacturers. They provide a variety of manufacturing equipment. PRIA was attractive because of the recent success of the semiconductor industry. The company has experienced rather stable earnings and sales growth. Their earnings were projected to grow at 32% over a 12-month period. Continued strength in semiconductors should lead to a high demand for automation equipment.

RoTech Medical Corp. (ROTC): *Held 550 shares at $18 ¼ on* _______
Sold 550 shares(IHS) at $________ on _________

RoTech Medical delivers home health care services to small markets through primary care physicians. The company focuses on home respiratory care, home infusion therapy, and other home health products. Through our holding, ROTC has represented a good value with significant upside potential. The downside volatility has occurred several times due to proposed cuts in Medicare by the Clinton administration. Although fundamentals are strong, the industry has been in a holding pattern. Due to close association with HMOs and home-based products, ROTC should actually benefit from Medicare cuts.

Safeskin Corp. (SFSK): *Held 200 shares at $18 1/8 on* ________
Sold 200 shares at $ ______ on __________

Safeskin Corp. manufactures hypoallergenic disposable latex gloves for a variety of uses. The gloves protect against both infectious disease and allergic reactions. Safeskin has an aggressive marketing plan, such as the recent agreement to sell gloves through Costco. Recently the company has announced several large agreements to supply hospitals. Growth has also occurred externally with the recent acquisition of the synthetic glove business Tactyl Technologies. Still, the company always remains an attractive acquisition candidate.

SCI Systems (SCI): *Held 200 shares at $25 5/16 on* _________
Sold 200 shares at $_______ on __________

SCI Systems produces data management systems, instrumentation, and contract manufacturing for the US government. The customers are original equipment manufacturers. Although we have experienced over a 45% return for SCI, we feel that the stock continues to have significant upside potential. While analysts expect a 23% average growth over the next five years, the multiple is only 16 times estimates. The stock is highly volatile with a beta of 1.92, but the stock price trend is always up.

Sun Microsystems (SUNW): *Held 200 shares at $28 7/8 on* ________
Sold 200 shares at $_______ on __________

Sun Microsystems provides hardware, software, and services for establishing company-wide Intranets and networks. Their products, such as Java, expand the power of the Internet. Their products are sold in more than 150 countries. New and innovative products offer an exciting growth opportunity for SUNW. Analysts have recently increased earnings expectations for the company. While the growth in earnings is expected to be three times that of the S&P, the multiple for SUNW is still quite reasonable. Recent weakness in the technology sector has hurt the price, but it should rebound at the end of 1997.

Sybron International (SYB): *Held 200 shares at $13 7/8 on ________*
Sold 200 shares at $ _________ on _________

Sybron International designs and manufactures laboratory and orthodontic and dental supply products worldwide. The company produces plastic labware, microscope slides, and many other dental supply products. The stock has experienced a strong trend due to consistent and strong earnings growth. The margins and ROE on the company are quite strong. Sybron is experiencing strong growth in a relatively stable industry both domestically and internationally.

VALUE FUND PHILOSOPHY

Our philosophy is based on the concept that market inefficiencies exist. Following this assumption, we identify industries that have trailed their respective benchmarks. However, only industries characterized by strong fundamentals and increasing potential for growth are considered. We generally recognize industry leaders as the most attractive companies in which to invest our funds.

VALUE FUND STRATEGY

We utilize a top-down investment strategy to select the stocks contained in our portfolio. By reviewing quarterly economic reports found in *The Wall Street Journal* or *First Call*, we monitor macroeconomic trends such as fluctuations in interest rates, inflation, and leading economic indicators.

After synthesizing economic data, we identify industries that are underperforming their benchmarks. We use resources such as *Standard & Poor's, First Call, The Wall Street Journal*, and *Forbes* to augment our industry research. The following criteria are applied to discern industry groups with greater potential for rebound: strong fundamentals, improving outlook, positive earnings, and increasing demand.

VALUE FUND TACTICS

In the equity selection process, *Bloomberg* is used as an instrument to screen for desirable stocks. Parameters that we stress include beta, market capitalization, trading volume, and price range. Once we have generated a list of potential equities, we further research the fundamental and technical merits of the stock. Fundamental analysis involves looking at such factors as return on assets, return on equity, earnings trends, forecasted growth, price/earnings ratio, and capital structure. Technical analysis encompasses trend identification, relative strength, support and resistance, and volume. Following this research method, we make buy recommendations. If we decide to purchase the stock, we then establish our sell discipline. Taking into account analysts' valuations and resistance levels, we set a target exit price.

As part of our maintenance of the fund, we evaluate our holdings to ensure each stock is consistent with our philosophy. In addition, we record daily prices and prepare weekly status reports. Finally, it is also necessary to maintain desired industry weightings.

VALUE FUND STATUS REPORT

31-Mar-98

Stock	Ticker	Number Of Shares	Purchase Price	Transaction Amount	Market Price	Market Value	Holding Period Return
BioChem Pharma Inc.	BCHE	300	20 5/16	6093.75	24 3/16	7256.25	19.077%
Case Corp.	CSE	100	58 5/16	5831.25	68 1/8	6812.50	16.827%
CDI Corp.	CDI	200	42 3/4	8550.00	43 1/16	8612.50	0.731%
Genuine Parts	GPC	200	33	6600.00	38 1/8	7625.00	15.530%
Gymboree Corp.	GYMB	200	23 5/8	4725.00	25 7/8	5175.00	9.524%
Highwood Properties	HIW	200	35 3/8	7075.00	35 5/16	7062.50	-0.177%
Home Products Int'l.	HPII	400	13	5200.00	16 1/8	6450.00	24.038%
Int'l. House of Pancakes	IHOP	200	35 3/8	7075.00	38 3/8	7675.00	8.481%
Jones Apparel	JNY	100	46 3/4	4675.00	55 1/16	5506.25	17.781%
Office Max	OMX	300	13 1/4	3975.00	17 7/8	5362.50	34.906%
Precision Castparts	PCP	100	52 3/8	5237.50	59 3/16	5918.75	13.007%
Standard Register	SR	100	31 1/2	3150.00	33 15/16	3393.75	7.738%
Universal Corp.	UVV	100	38	3800.00	44 1/16	4406.25	15.954%
Zale Corp.	ZLC	300	27 1/2	8250.00	28 7/8	8662.50	5.000%

Portfolio Value:	$	89,918.75
Money Market:	$	8,614.00
TOTAL:	$	98,532.75

Portfolio Return:	29.682%
Beginning Cash Balance 3/31/97:	$75,980.26

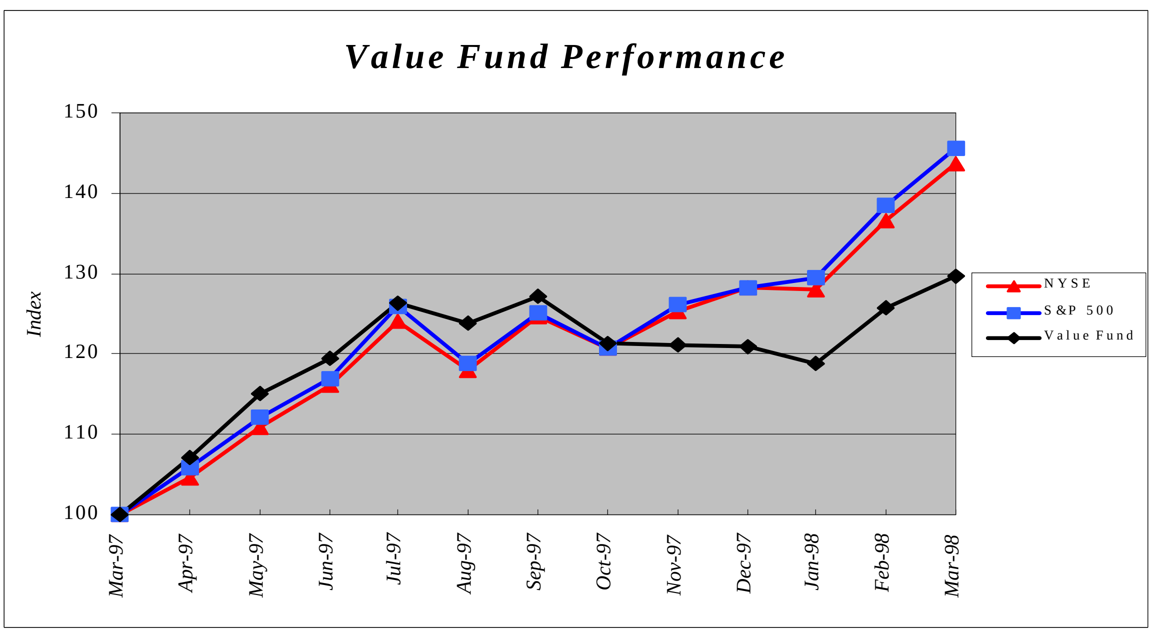
VALUE FUND PERFORMANCE

The S&P 500 Index is a diversified portfolio of equities, and therefore, we felt that it would be an appropriate benchmark. Also, because the vast majority of our holdings are traded on the New York Stock Exchange, we decided to compare our performance to that index. By comparing ourselves to these indices, we are able to determine our effectiveness as managers. The three portfolios were normalized at 100 as of March 31, 1997. From that point, we can identify the relative performance of the portfolios over the year.

For the initial seven-month period, our portfolio slightly outperformed, but closely tracked the two benchmarks. Loews, an insurance provider and tobacco producer, as well as Creative Technologies, a manufacturer of multimedia products, generated a significant portion of our returns during the initial stages of this period. In the latter months of the period, the Value Fund outperformed the S&P largely on the strength of The Gap and Southwest Airlines; both of these stocks appreciated over 30 percent. As of month-end October 1997 our portfolio outperformed the S&P 500 and NYSE by 0.49% and 0.50%, respectively.

In the beginning of November, our portfolio began to diverge from the two broader indices, despite the strong performance of Office Max. Over the course of the next three months, the S&P and NYSE appreciated 8.67% and 7.40% while the Value Fund lost 2.48%. The implementation of limit orders over the Christmas Break prevented the Fund from suffering further losses.

The Value Fund resumed tracking the S&P and NYSE beginning in February. During the next two months, the Fund appreciated 10.87% to close up 29.68% for the fiscal year. The S&P and NYSE also experienced impressive gains, increasing 16.05% and 15.6%, respectively. The Value Fund's strong performance was fueled largely by Home Products International and Jones Apparel, both of which have increased over 15% since they were purchased. The Value Fund is satisfied with its performance over the past year.



PORTFOLIO BALANCE AT MONTH END

DATE	EQUITY VALUE	MONEY MARKET	TOTAL PORTFOLIO
31-Mar-97	$73,020.75	$2,959.51	$75,980.26
30-Apr-97	72,622.37	8,820.73	81,443.10
31-May-97	72,725.00	14,624.85	87,349.85
30-Jun-97	59,775.00	31,061.71	90,836.71
31-Jul-97	55,962.70	40,034.64	95,997.34
31-Aug-97	40,806.50	53,257.80	94,064.30
30-Sep-97	37,112.60	59,460.00	96,572.60
31-Oct-97	31,675.30	60,482.18	92,157.48
30-Nov-97	42,575.20	49,500.44	92,075.64
31-Dec-97	31,169.00	60,680.27	91,849.27
31-Jan-98	37,456.50	52,818.79	90,275.29
28-Feb-98	82,218.91	13,391.09	95,610.00
31-Mar-98	89,918.75	8,614.00	98,532.75

VALUE FUND TRANSACTIONS

MARCH 31, 1997 to MARCH 31, 1998

Stock	Ticker	No. of Shares	Date Purchased	Purchase Price	Transaction Amount	Date Sold	Selling Price	Transaction Amount	Holding Period Return
AMP, Inc.	AMP	200	31-Mar	36 1/2	$7,300.00	8-Jul	45	$9,000.00	23.3%
Circuit City	CC	200	31-Mar	29 7/8	5,975.00	14-Apr	37 1/2	7,500.00	25.5%
Creative Technology, LTD.	CREAF	296	31-Mar	6 1/4	1,850.00	2-May	15	4,440.00	140.0%
CSX Corporation	CSX	200	31-Mar	45 1/4	9,050.00	27-Oct	53 7/8	10,775.00	19.1%
ECI Telecommunications	ECILF	400	31-Mar	23 1/8	9,250.00	16-Jun	27	10,800.00	16.8%
Gables Residential Trust	GBP	200	31-Mar	26 5/8	5,325.00	28-Apr	23 3/4	4,750.00	-10.8%
King World Productions	KWP	100	31-Mar	37 1/2	3,750.00	20-Jun	34 1/2	3,450.00	-8.0%
Loews	LTR	100	31-Mar	76 1/4	7,625.00	14-Aug	98	9,800.00	28.5%
Nokia Corporation	NOK.A	107	31-Mar	36 1/4	3,878.75	21-May	67 3/4	7,249.25	86.9%
Raytheon	RTN	100	31-Mar	44 7/8	4,487.50	7-Nov	50 3/4	5,075.00	13.1%
Southwest Airlines	LUV	200	31-Mar	22 5/8	4,525.00	8-Sep	30	6,000.00	32.6%
Titanium Metals	TIMT	200	31-Mar	27 7/8	5,575.00	29-Dec	27 9/16	5,512.50	-1.1%
USF&G	FG	100	31-Mar	16 3/8	1,637.50	9-Jun	23	2,300.00	40.5%
Gap Stores	GPS	100	28-Apr	30 1/4	3,025.00	21-Oct	51 3/16	5,118.75	69.2%
Standard Register	SR	100	28-Apr	31 1/2	3,150.00				
Furniture Brands	FBN	200	1-May	14 7/8	2,975.00	27-Aug	17 1/4	3,450.00	16.0%
USX Marathon Oil	MRO	100	1-May	27 3/8	2,737.50	28-Oct	29	2,900.00	5.9%
Applebee's International	APPB	300	21-Oct	23 1/8	6,937.50	29-Dec	18 5/8	5,587.50	-19.5%
Genuine Parts	GPC	200	21-Oct	32 15/16	6,587.50				
Universal Corporation	UVV	100	21-Oct	38 1/16	3,806.25				
Arrow Electronics	ARW	200	19-Nov	29 9/16	5,912.50	9-Jan	29 7/8	5,975.00	1.1%
Office Max	OMX	300	19-Nov	13 1/4	3,975.00				
Precision Castparts	PCP	100	19-Nov	59 3/4	5,975.00	16-Jan	56	5,600.00	-6.3%
Biochem Pharma, Inc.	BHCE	300	20-Jan	20 5/16	6,093.75				
Case Corp.	CSE	100	20-Jan	57 1/16	5,706.25				
Int'l. House of Pancakes	IHOP	200	20-Jan	35 3/8	7,075.00				
CDI Corp.	CDI	200	2-Feb	42 3/4	8,550.00				
Highwoods Properties	HIW	200	2-Feb	35 5/8	7,125.00				
Home Products Int'l.	HPII	400	2-Feb	13	5,200.00				
Jones Apparel Group	JNY	100	10-Feb	46 3/4	4,675.00				
Precision Castparts	PCP	100	10-Feb	52 3/8	5,237.50				
Zale Corporation	ZLC	300	23-Feb	27 1/2	8,250.00				
Gymboree	GYMB	100	18-Mar	23 5/8	2,362.50				

VALUE FUND CURRENT HOLDINGS

BioChem Pharma (BCHE): *Purchased 300 shares at $20 5/16 on 1/20/98*
Price 3/31/98: $24 3/16 Target Price: $30
BioChem Pharma, an international biopharmaceutical company, is the leader in viral, cancer, and pain research and development. Within the industry, biotechnology shares sharply lagged the broader market last year. However, in light of strong fundamentals and improved regulatory conditions, the near and long term outlook is positive. Revenues are expected to double over the next five years. Surging worldwide sales of BCHE's product *Epivir*, the cornerstone of HIV therapy, are increasing operational cash flows and providing funds for R&D and acquisitions. Positives for the future include strong expected growth in *Epivir* sales, an improved R&D pipeline, and strong management.

Case Corporation (CSE): *Purchased 100 shares at $57 1/16 on 1/20/98*
Price 3/31/98: $68 1/8 Target Price: $71
Case Corporation is North America's second largest farm equipment manufacturer and the world's largest manufacturer of light and medium-sized construction equipment. Through December 9, 1997, the Machinery Index slightly under-performed the S&P 1500. However, the economic crisis in Asia adversely impacted heavy machinery firms, creating an undervalued industry. The outlook for farm and agricultural equipment appears positive as record crop plantings are projected for 1998. Sales of Case's major product lines have been, and are expected to be, especially strong. Case outperformed the industry in skid steers, hydraulic excavators, and wheel loaders. We viewed a pull back to $57 1/16 as a buying opportunity because of previously mentioned strong earnings predictions.

CDI Corporation (CDI): *Purchased 200 shares at $24 ¾ on 2/2/98*
Price 3/31/98: $42 ¾ Target Price: $60
CDI provides outsourcing solutions through technical and temporary staffing services and management recruiting to a diverse blue-chip client base in the U.S., Canada, and the U.K. The employment services industry is presently undervalued and the S&P holds a positive outlook for the industry. Revenue growth is expected to be between 15% and 20% for 1998. Rapid growth is anticipated in the information technology and professional sectors. Unemployment has fallen to its lowest recent levels, requiring that staffing companies provide quality employees to fill positions and to remain competitive. Looking forward, CDI has three major business units (each with untapped potential) and improved communications with Wall Street. Technically, CDI has pulled back on its point and figure chart and is trading in the middle of its ten-week trading band.

Genuine Parts Company (GPC): *Purchased 200 shares at $33 on 10/21/97*
Price 3/31/98: $38 1/8 Target Price: $41
Genuine Parts Company is a leading wholesale distributor of automotive replacement parts, industrial parts and supplies, and office products. The automotive parts group under-performed the S&P 1500 through September by 5.5% due to strong sales of more

reliable new cars and industry consolidation, which caused a glut of inventory. However, several trends bode well for this industry. First, the average U.S. vehicle is over nine years old, the highest average in history. GPC has excellent, conservative management, low debt and a strong history of sales and earnings growth. An ongoing streamlining process, whereby individually owned stores are converted to more consumer-friendly Pipeline Plus stores, should also improve earnings.

Gymboree Corp. (GYMB): *Purchased 200 shares at $23 5/8 on 3/18/98*
Price 3/31/98: $25 7/8 Target Price:$57
Gymboree is a leading specialty retailer of popular, high-quality, fashion merchandise for children ages newborn to seven. The company also operates and franchises directed parent-child developmental play programs. The Specialty Retailing Index trailed the S&P Super 1500 last year, but stronger performance is expected this year. When we initially researched GYMB, the Fund decided to wait for a pullback into the $24 range in order to optimize our risk/reward tradeoff. GYMB has an ROE of 22.2% and an expected five-year growth rate of 22%. A $30 million stock buyback plan that was recently announced should provide downside protection.

Highwoods Properties (HIW): *Purchased 200 shares at $35 5/8 on 2/2/98*
Price 3/31/98: $35 5/16 Target Price: $43
Highwoods Properties is a fully integrated real estate investment trust (REIT) that acquires, develops, and manages office and industrial properties in the southeastern U.S. The Equity REIT Index trailed the S&P 500 by 7.3% in the twelve-month period ending in January 1998. The industry's fourth quarter earnings, however, re-affirmed the strength of the U.S. real estate market and demonstrated that REIT's could manage growth throughout the real estate cycle. Stimulated by new acquisitions in Kansas City and Florida, the firm's 1998 growth should be in the 18% range. REIT's such as Highwoods, with contractually mandated payment streams, provided protection against the market volatility present in January.

Home Products International (HPII): *Purchased 400 shares at $13 on 2/2/98*
Price 3/31/98: $16 1/8 Target Price: $17
Home Products designs, manufactures, and markets a wide range of household products. It supplies retailers with value-priced organization and storage products. HPII is a member of the S&P Housewares Index, which has underperformed the market for the past two years. This poor performance can be attributed to decreased demand for housewares products, pressure on profit margins, and high raw materials prices. These problems has since been alleviated industry-wide. HPII expects synergies to result from a November merger with Seymour Housewares Corporation. Consolidation should increase long-term profit margins and create efficiencies by reducing process duplication.

International House of Pancakes (IHOP): *Purchased 200 shares at $35 3/8 on 1/20/98*
Price 3/31/98: $38 3/8 Target Price: $40
International House of Pancakes is a leading competitor in the restaurant industry. IHOP is a member of the S&P Restaurant Index, which gained only 11.9% in 1997. Though the industry is over-stored, there is increased public demand for dining out, which IHOP is

positioned to take advantage of. The company gained 31% in 1997, far exceeding the industry average and in line with the market as a whole. IHOP's shares declined 7% in the month prior to purchase, but we expect them to recover with higher than average growth. The company continues to open new stores throughout the country and is interested in gaining a competitive advantage through cost differentiation.

Jones Apparel Group (JNY): *Purchased 100 shares at $46 ¾ on 2/8/98*
Price 3/31/98: $55 1/16 Target Price: $57

Jones Apparel is a leader in the women's sportswear, suit, and dress business. It distributes its products through 7,700 stores in the United States and Canada. JNY is a member of the S&P Textiles (Apparel) Index. The index showed overall weakness in 1997, gaining only 8.9%. This was due to weak demand and a lackluster holiday season. Conversely, Jones posted strong holiday sales and its shares responded positively. A 30% increase in the price of the stock is expected by mid '98. These forecasts are based on a good spring line of clothing, strong profit margins, and an efficient management team. Weakness in the stock in the week prior to purchase presented an ideal buying opportunity.

Office Max (OMX): *Purchased 100 shares at $13 ¼ on 11/19/98*
Price 3/31/98: $17 7/8 Target Price: $20

Office Max, Inc. is one of the largest and fastest growing U.S. operators of high-volume, deep-discount office product superstores. In 1996, it became the fourth company in U.S. history to exceed $3 billion in sales in less than nine years. The correction of the specialty retailer industry in late 1997 negatively affected the valuation of Office Max's stock as its price fell over 33%. We determined this to be an opportunity to purchase shares of Office Max since the company, being labeled as a "super-store" outlet, is in one of the fastest growing areas in specialty retailing. We determined that the company should perform well over the near-term due to improvements in industry fundamentals and favorable trends in the economy. Furthermore, Office Max is currently in the midst of forming aggressive expansion plans in which sales and earnings are forecasted to increase significantly. An inflated P/E should signal a sell for this company.

Precision Castparts (PCP): *Purchased 100 shares at $52 3/8 on 2/9/98*
Price 3/31/98: $59 3/16 Target Price: $73

Precision Castparts is one of the world's largest suppliers of structural components for the aircraft engine industry. The S&P Aerospace/Defense Index, which rose a mere 4.2% in 1997, has excellent potential for growth in 1998. The group was negatively affected by isolated production problems at Boeing and pending mergers. PCP is diversifying into non-aerospace businesses such as cutting tools and metal injection molded parts for other industries. Due to an increased demand for more sophisticated engine parts, we expect the company to deliver 12% to 14% EPS growth over the 1997 to 2001 period. Further, we saw the 17% decline in value during the month of January as an excellent buying opportunity.

Standard Register (SR): *Purchased 100 shares at $31 ½ on 4/28/97*
Price 3/31/98: $33 15/16 Price Target: $45

Standard Register is a leading provider of business forms, pressure-sensitive labels, business equipment and systems, direct-mail marketing materials, and materials management software. The company has been a consistent performer in the office equipment and supplies industry over the last two years, yet its stock price continues to be undervalued. Being a market leader, steady economic growth and continued industry consolidation favors the outlook for SR. Improving global economic conditions, new product introductions, and increasing equipment affordability should propel long-term demand for their products. With limited downside potential, the stock should only be sold in the event of unfavorable economic trends.

Universal Corporation (UVV): *Purchased 100 shares at $38 1/16 on 10/21/97*
Price 3/31/98: $44 1/16 Target Price: $49

Universal is the holding company for the world's largest independent tobacco dealer, as well as for agriculture and lumber products businesses. Profits are expected to increase due to improving global tobacco market conditions. Strong demand for leaf tobacco abroad, combined with the recent streamlining of international operations should enhance international profit margins. In addition, improving domestic demand for higher profit business, notably an increase in demand for cigar tobacco, supports domestic profitability. Regulatory burdens on U.S. cigarette manufacturers, while an important measure of Universal's domestic risk, do not negatively impact the company's stock price since UVV is not a direct defendant in any U.S. lawsuits. With a 13% predicted growth and a P/E at date of purchase of 12, we determined UVV to be undervalued.

Zale Corporation (ZLC): *Purchased 300 shares at $27 ½ on 2/23/98*
Price 3/31/98: $ 28 7/8 Target Price: $37

Zale Corp. is the largest specialty retailer of fine jewelry, operating 1,100 retail outlets in the United States, Guam, and Puerto Rico. The specialty retail segment of the S&P under-performed the overall market in 1997. It fell an additional 5.4% by the end of February 1998. The near-term outlook for the industry is positive as a result of strong fundamentals and a favorable economic trend. ZLC declared bankruptcy in 1993 and has since undergone extensive restructuring efforts that were intended to make the company more efficient. Zale's has increased its gross margin and decreased SG&A expenses so that they are in line with the industry. They have also decreased inventory on a comparable store basis. Strong Valentine's Day sales, excellent promotional campaigns, and increases in the number of retail locations are expected to increase the price of shares in the near to intermediate term.

VALUE FUND PREVIOUS HOLDINGS

AMP Inc. (AMP): *Held 200 shares at $36 1/2 on 3/31/97*
Sold 200 shares at $45 on 7/8/97

AMP Inc. is the world's leading producer of electrical and electronic connection, programming and switching devices. Price resistance at $45 warranted a stop order at this target for the duration of the summer months. We sold the stock when it hit the limit in early July, resulting in a 23% holding period return.

Applebee's International, Inc. (APPB): *Held 300 shares at $23 1/8 on 10/21/97*
Sold 300 shares at $18 5/8 on 12/29/97

APPB develops, franchises, and operates a chain of approximately 820 restaurants under the "Applebee's Neighborhood Grill & Bar" and 30 under "Rio Bravo Cantina." The P/E multiple was 16, with projected earnings growth at 20% at the time of purchase. The target price performance was $32 with a six-month horizon. Despite the positive outlook, Applebee's was sold when it reached a downside limit during Christmas break.

Arrow Electronics (ARW): *Held 200 shares at $29 9/16 on 11/19/97*
Sold 200 shares at $29 7/8 on 1/9/98

Arrow Electronics distributes a wide variety of computer products, electronic components, and related equipment. The firm sells products to original equipment manufacturers (OEM's) and commercial customers worldwide. However, the long-term outlook for the industry was positive at the time of purchase as a result of recent mergers within the industry. At purchase, the stock had pulled back after the market correction and was trading well below its 52-week high. The stock stopped out as a result of market volatility over Christmas Break and has since surpassed our original price target of $34.

Circuit City (CC): *Held 200 shares at $29 7/8 on 3/31/97*
Sold 200 shares at $37 ½ on 4/14/97

Circuit City Stores is a leading specialty retailer of brand-name consumer electronics and major appliances. Circuit City is a strong competitor and continues to expand and add new stores, but is facing tighter margins in their retail computer business. We inherited the shares and after only two weeks of operating the fund, they stopped out at their upper sell limit of $37 ½, resulting in a gain of over 25%.

Creative Technology, LTD (CREAF): *Held 296 shares at $6 1/4 on 3/31/97*
Sold 296 shares at $15 on 5/2/97

Creative Technologies LTD designs, manufactures, and distributes digital sound and video boards and related multimedia products. The stock sold when it hit its upper limit of $15, a level where resistance had previously existed during the summer months. We achieved an incredible 140% holding period return on this stock.

ECI Telecommunications Limited (ECILF): *Held 400 shares at $23 1/8 on 3/31/97*
Sold 400 shares at $27 on 6/16/97

ECI is an Israeli company that specializes in the manufacturing and marketing of digital telecommunications networks. ECILF is subject to political turmoil in Israel and is a member of a volatile industry. We inherited the stock at $23 1/8, and saw upside resistance at $27. The stock stopped out at its upper limit during the early summer.

Furniture Brands International (FBN): *Held 200 shares at $ 14 7/8 on 5/1/97*
Sold 200 shares at $17 ¼ on 8/27/97

Furniture Brands is a leading manufacturer of residential furniture. Positive earnings expectations for the Household Furnishings and Appliances Industry made the stock an attractive buy. We derived a target price of $17 for this stock based on a judgement that Furniture Brand's fundamentals could not justify a price much higher. As a result, the stock was sold over the summer when it reached this point, providing the fund with a return of 16%.

Gables Residential Trust (GBP): *Held 200 shares at $25 1/4 on 3/31/97*
Sold 200 shares at $23 ¾ on 4/28/97

Gables Residential Trust is a self-administered and self-managed real estate investment trust. GBP owns, manages, and develops multi-family apartment communities in the southeastern U.S. and in Texas. With inflation levels so low, and no positive signs of growth, we sold the shares shortly after inheriting them, suffering a 10% loss.

Gap Inc. (GPS): *Held 100 shares at $30 1/4 on 4/4/97*
Sold 100 shares at $51 3/16 on 10/21/97

Gap Inc. is an international specialty retailer with over 1880 stores selling casual apparel, shoes and other accessories. GPS has been gaining market share within the industry primarily through expanding Old Navy Stores and a new advertising campaign. GPS has been gaining strength, with steadily increasing book value, earnings, net income, and revenue since 1988. An increase of about 35% was expected within the next nine to twelve months. Initially, our upside trading limit was $40, but, based on fundamental and technical analysis, we made a decision to hold on to this stock until late autumn, taking a 69% gain.

King World Productions (KWP): *Held 100 shares at $37 ½ on 3/31/97*
Sold 100 shares at $34 ½ on 6/20/97

King World Productions, Inc. produces and distributes syndicated television programs. We placed a downside limit of $34 ½ based on price support levels. As a result of the company failing to demonstrate earnings growth in the second quarter and the volatile market during the beginning of the summer, the stock hit its lower limit and stopped out resulting in an 8% loss.

Loews Corporation (LTR): *Held 100 shares at $76 ¼ on 3/31/97*
Sold 100 shares at $98 on 8/14/97

Loews Corporation is a holding company with interests in insurance and tobacco products. Loews shares continued to appreciate over the summer, as income and earnings were rising. We originally placed a sell order in at $84, but as the stock price rose over the summer we increased the lower limit to $98 where the stock stopped out, providing a solid return of 28%.

Nokia - ADR (NOK.A): *Held 107 shares at $36 ¼ on 3/31/97*
Sold 107 shares at $67 ¾ on 5/21/97

Nokia is an international telecommunications company best known for their development and manufacturing of mobile phones. Nokia also develops and manufactures networks and systems for cellular phones, and supplies access networks, multimedia equipment and other telecom related products. The shares were valued at $36 1/4 and we saw resistance at $67. We placed the limit for the summer and that was hit on May 27, 1997. We reaped an 86% holding period return on this stock.

Raytheon Company (RTN): *Held 100 shares at $44 7/8 on 3/31/97*
Sold 100 shares at $50 ¾ on 11/7/97

Raytheon is a manufacturer of diverse electronic equipment and components, aircraft products, energy services and major appliances. Best known for their air defense missiles, radar systems and other military electronics, Raytheon won major defense contracts over the summer that positively impacted their stock price. We sold the shares at $50 3/4 in November as we did not see much upside in the near term.

Southwest Airlines (LUV): *Held 200 shares at $23 on 3/31/97*
Sold 200 shares at $30 on 9/8/97

Southwest Airlines is the eighth largest airline carrier in the United States. They follow a strategy of short-haul, high frequency, low-fare, point-to-point flights. The have a competitive advantage in the industry as a low cost leader. After watching the stock rise over 35% since inheritance and witnessing overall weakness in the airline industry, we made the decision to take profits in September 1997.

Titanium Metals (TIMT): *Held 200 shares at $27 7/8 on 3/31/97*
Sold 200 shares at $27 9/16 on 12/29/97

Titanium Metals is an integrated producer of titanium sponge and mill products. The company's products include titanium sponge, titanium ingot and slab, and cast products from ingot or slab. Despite expectations of both strong industry and company growth, the stock sold at the lower limit over Christmas, proving to be a nominal loss for the fund.

USF&G (FG): *Held 100 shares at $16 3/8 on 3/31/97*
Sold 100 shares at $23 on 6/9/97

USF&G Corporation sells commercial insurance, family and business insurance, specialty business insurance and life insurance through independent agents. Though the company fell short of earnings in the first quarter estimates, we sold our shares at their upside limit of $23 where we had seen resistance. We believed the stock was fully valued and that it's upside potential was exhausted at this price. The stock achieved a holding period gain of 40%.

USX-Marathon Group (MRO): *Held 100 shares at $27 1/2 on 5/1/97*
Sold 100 shares at $29 on 10/28/97

USX-Marathon Group engages in worldwide exploration and production of oil. After many strong returns for the better part of 1997, Marathon's price declined sharply and we made the decision to sell the stock. Price estimates for 1998 of oil average $18.00 per barrel down from $22.15 in 1997. These lower prices will make it difficult for domesticated integrated oil companies to match 1996's outstanding exploration and production earnings results. In addition, the economic hardships in Asia have lowered the demand for oil products, which should have a negative effect on Marathon's earnings.

SPIDER FUND RECOMMENDATIONS AND CLOSING REMARKS

The objective of the Student Managed Investment Fund is to provide an educational forum for students to gain experience in and knowledge of the securities market. Over the last year, we have accomplished many things, most notably creating an equity selection process which generated a combined return of nearly 40%. However, success was not attained without a few bumps along the way. From these experiences, we have instituted some changes for next year's fund and we have several recommendations for the new managers to consider.

We have suggested a change to the structure of the Fund by eliminating the analyst position. Historically, the role of the analyst was to support the research effort of the managers. The analyst did not have a vote in buy or sell decisions. In our experience, the managers and analysts worked together as a team with no distinction between the two. Therefore, the structure we propose for next year consists of one General Manager, five Value managers, and five Growth managers.

The transition of the Fund to the new managers is an additional area that warrants improvement. Therefore, we will be making a concerted effort in the upcoming weeks to thoroughly familiarize new managers with the Fund and its operation. The managers will be trained on the equity selection process that we developed over the last year. The manual that we have written will be especially useful in improving the transition process for the new managers.

Our first recommendation to the new managers is that they should periodically revamp and update the SMIF WebPage. The site allows those outside the Fund to track its performance; it also serves as an informational/marketing tool that promotes the Fund to potential future managers and alumni.

Second, while the Richmond area is host to numerous public companies, such firms have traditionally been underrepresented in the Spider Fund portfolio. By visiting a local company and observing its operations, managers would be conducting primary research instead of relying of secondary sources. We hope that Advisory Board members would be willing to provide support and insight into this possibility.

Finally, the New York trip is an excellent opportunity to network with professionals in the financial services industry. However, we recommend that the trip be planned for the fall semester to coincide with the college-recruiting schedule of Wall Street firms. An improved alumni directory would further assist undergraduates seeking contacts.

Our experiences with the Spider Fund have been very positive. We have developed as a group and as individuals. The confidence and experience we have gained are irreplaceable; we are extremely grateful to have been part of such a challenging and dynamic program. We wish the new managers success in their management of the Fund over the next year and hope that they find it as rewarding as we have.