

# SECURITIES AND EXCHANGE COMMISSION

## FORM N-30D

Initial annual and semi-annual reports mailed to investment company shareholders pursuant to Rule 30e-1 (other than those required to be submitted as part of Form NCSR)

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### FILER

#### MANOR INVESTMENT FUNDS INC

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Semi-Annual Report  
December 31, 2002

Fund Office:  
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Managed by:  
Morris Capital Advisors, Inc.

Manor Investment Funds, Inc.  
15 Chester Commons  
Malvern, PA 19355

December 31, 2002  
Dear Fellow Shareholders:

Total assets in the Fund have grown to more than \$5.3 million as the market rebounded and new investors opened accounts balanced among our conservatively managed bond and stock funds.

All The [Bad] News That's Fit to Print

The New York Times runs that caption at the top of every edition that they print, and if it's good enough for the New York Times, it's good enough for me.

A weak economy, profit warnings, weak holiday sales, pricing pressure, low profit margins, terrorism, Iraq, North Korea, high unemployment, corporate scandals, technology slowdown, declining stock markets, low interest rates, war, housing bubble, budget deficits, declining dollar, rising gold prices, high oil

prices, Venezuela, high stock valuations, slow growth, low capital spending, pension fund shortfalls, layoffs.

Well, did I leave anything out? I don't think so. You probably could have compiled the same list without much effort. What's my point? My point is that the bad news is well known already. You know it, I know it, and investors know it. The markets already discount this news, and have added another measure of discount on top of that.

As investors we need to consider current events in the context of the impact of these events on the markets in the future. As this new year begins, I see an economy that has begun to rebound. Economic growth won't be dramatic, but it should continue to improve over the course of the year. Better economic growth should contribute to better corporate earnings. As earnings improve relative to the weak performance of recent years, share prices should rise, generating positive returns in the stock market. The returns won't be great, but stocks should outperform bonds, CD's and money market funds by a substantial margin.

#### The Manor Fund

The Manor Fund rebounded during the quarter as investors bid up stocks in anticipation of an improving economy. The Manor Fund rose 8.57%, outperforming both the S&P 500 index and the Lipper Large-cap Core mutual fund index, which rose 8.41% and 6.66%, respectively.

The Fund was helped by strong performance from Merck, IBM, Citrix Systems, Hewlett-Packard, and Citigroup. IBM, Hewlett-Packard, and Citigroup all rebounded after poor performance in earlier quarters. Citrix Systems rose after several analysts upgraded the stock when the company announced higher earnings expectations for the coming year. Merck rose when the company announced continued earnings growth for the coming year despite increased competition for several key drugs and potential patent expirations.

The Fund was hurt by weakness in Manor Care, Kaufman & Broad, Cardinal Health, and General Motors. Manor Care and Cardinal Health declined as investors moved money from these traditionally defensive issues in anticipation of improving market conditions, while Kaufman & Broad declined on signs of slowing growth in the housing market, and General Motors fell on concerns about profitability and its underfunded pension plan.

During the quarter we sold ChevronTexaco, Scientific Atlanta, Travelers Property & Casualty, and reduced our holding in Merck. We purchased Anthem, a medical services company, Occidental Petroleum, and integrated oil producer, and Reebok, a marketer of athletic shoes.

#### The Growth Fund

The Growth Fund rose 4.42% during the quarter, in line with comparable mutual funds as represented by the Lipper Large-cap Growth mutual fund index. The Fund

outperformed both the S&P 500 index and the Lipper Large-cap Growth mutual fund index for the full year.

The Fund was helped by positive performance from Valero Energy, Ebay, Xilinx, Microsoft, and Vishay Intertec. Valero, Xilinx, Microsoft, and Vishay all rebounded substantially after declining earlier in the year, while Ebay shares rose because the company continues to grow revenues and earnings.

During the quarter we added to positions in Cendent, Cytec, Ebay, and Vishay Interc in order to maintain the proper weighting in these holdings as assets grew. At year-end the Fund still maintained a very conservative cash balance of 35%. We expect to reduce cash further during the upcoming quarter by purchasing stocks that fit our investment criteria.

#### The Bond Fund

The Bond Fund rose 0.57% during the quarter as improving economic conditions created the possibility that interest rates may begin to rise. The Fund's portfolio of US Treasury Notes continues to be conservative with an average maturity of 2.41 years, and an average duration of 2.19 years. We continue to manage the fund to provide investors with a low risk alternative to investments in the stock market.

#### Our Investment Approach for the Coming Year

Recent economic proposals to eliminate the taxation of corporate dividends have generated substantial debate, but should not appreciably change our investment approach. Our strategy of identifying companies with substantial free cash flow tends to invest in companies that already pay dividends, or have the potential to pay dividends without crimping growth. It is my belief that these companies will continue produce attractive returns for shareholders if the proposal becomes law or if it is not enacted. The proposal should also benefit you as a shareholder because it will encourage companies to increase dividend payouts, which will generate tax-free income to you.

Sincerely,  
Daniel A. Morris

Manor Fund  
December 31, 2002  
Portfolio of Investments

Description	Shares	Market Value
-------------	--------	--------------

Common & Preferred Stock

Consumer Staples	7.3%		
Pepsico		1,560	65,863
Reebok		2,090	61,446
			-----
			127,309
Consumer Disc.	2.2%		
AOL Time Warner		2,930	38,383
			-----
			38,383
Retail	4.5%		
Best Buy		2,190	52,889
Cardinal Health		1,305	77,243
			-----
			130,132
Medical	12.0%		
Anthem		800	50,320
Manor Care		2,590	48,200
Merck		810	45,854
Pfizer		2,130	65,114
			-----
			209,488
Automobile	2.5%		
General Motors		1,190	43,863
			-----
			43,863
Industrial Products	2.2%		
Tyco Intl Ltd.		2,240	38,259
			-----
			38,259
Construction	3.2%		
Kaufman & Broad		1,310	56,134
			-----
			56,134
Multi-Industry	3.2%		
General Electric		2,270	55,275
			-----
			55,275
Computer	11.5 %		
Cisco		2,350	30,785
Citrix Systems		2,570	31,662
Hewlett-Packard		1,960	34,026
Intel		2,020	31,451
IBM		950	73,625
			-----
			201,549
Aerospace	2.3%		
Boeing		1,230	40,578
			-----
			40,578

Oil	8.2%		
Devon Energy		1,220	55,998
Nabors		1,010	35,623
Occidental Pet.		1,820	51,779
			-----
			143,400
Finance	16.5%		
Allstate Insurance		1,480	54,745
Citigroup		1,769	62,251
Fed Nat Mtg Assoc		920	59,184
Freddie Mac		920	54,326
MBNA Corp.		3,070	58,391
			-----
			288,897
Utilities	2.9%		
Exelon		970	51,187
			-----
			51,187
Cash and Equivalents	18.7%		327,303
			-----
			327,303
			-----
Total Portfolio			1,751,757
			=====

Manor Fund  
December 31, 2002  
Top Five Holdings

Company	Industry	% of Net Assets
Cardinal Health	Retail	4.4 %
Inter. Bus. Mach.	Computer	4.2 %
Pepsico	Consumer Staples	3.8 %
Pfizer	Medical	3.7 %
Citigroup	Finance	3.6 %

Top Five Industries

Industry	% of Net Assets
Finance	16.5 %
Medical	12.0 %
Computer	11.5 %
Oil	8.2 %
Retail	7.4 %

## Fund Performance

	Total Return		
	3 Months	Trailing Year	Annualized Since Inception
Manor Fund	8.57 %	-20.30 %	1.22 %
Lipper Large-Cap Core Index	6.66 %	-21.23 %	3.71 %
S&P 500 Index	8.41 %	-22.12 %	7.48 %

### Growth Fund December 31, 2002

#### Portfolio of Investments

Description	Shares	Market Value
Common & Preferred Stock		
Consumer Staples      2.7%		
Jones New York	1,270	45,008
		-----
		45,008
Consumer Disc.      6.6%		
Barnes & Noble	1,480	26,744
Cendent Corp	3,910	40,977
Mohawk	720	41,004
		-----
		108,725
Retail      8.1%		
Amerisource Berg.	769	41,764
Bed, Bath, Beyond	1,160	40,055
Ebay	760	51,543
		-----
		133,362
Medical      15.2%		
Andrx Group	1,120	16,430
Cytoc Corp	3,230	32,946
Express Scripts	980	47,079

Forest labs	360	35,359
Ivax Corp	2,843	34,486
Quest Diagnostics	570	32,433
Universal Hlth Svc	1,120	50,512
		-----
		249,245
Computer 16.8%		
Cisco	620	8,122
Concord EFS	1,740	27,388
Dell Computer	1,570	41,982
Intel	1,980	30,829
Microsoft Corp.	960	49,632
Sun Microsystems	2,080	6,469
Vishay Intertec	4,170	46,621
Waters Corp.	1,110	24,176
Xilinx	1,900	39,140
		-----
		274,359
Oil 5.4%		
GlobalSanteFe	1,835	44,627
Valero Energy	1,167	43,109
		-----
		87,736
Finance 7.3%		
Greenpoint Fin.	1,020	46,084
T. Rowe Price	790	21,551
Washington Mutual	1,489	51,415
		-----
		119,050
Transportation 1.6%		
Tidewater	830	25,812
		-----
		25,812
Business Services 0.7%		
TMP Worldwide	1,000	11,310
		-----
		11,310
Cash and Equivalents 35.6%		582,078
		-----
		582,078
		-----
Total Portfolio		1,636,6835
		=====



Growth Fund  
December 31, 2002  
Top Five Holdings

Company	Industry	% of Net Assets
Ebay	Retail	3.1 %
Washington Mutual	Finance	3.1 %
Universal Health Svcs.	Medical	3.1 %
Microsoft Corp.	Computer	3.0 %
Express Scripts	Medical	2.9 %

Top Five Industries

Industry	% of Net Assets
Computer	16.8 %
Medical	15.2 %
Retail	8.1 %
Finance	7.3 %
Consumer Discretionary	6.6 %

Fund Performance

	Total Return		
	3 Months	Trailing Year	Annualized Since Inception
Growth Fund	4.42 %	-20.89 %	-9.38 %
Lipper Large-Cap Growth Index	4.34 %	-28.11 %	-17.96 %
S&P 500 Index	8.41 %	-22.12 %	-10.69 %

Bond Fund  
December 31, 2002

Portfolio of Investments

Description	Par Value	Market Value
Government Bonds	88.0%	

1 to 3 years to maturity

U.S. Treasury	4.625%	Due 02-28-03	150,000	150,797
U.S. Treasury	3.875%	Due 07-31-03	100,000	101,531
U.S. Treasury	2.750%	Due 10-31-03	250,000	253,125
U.S. Treasury	5.250%	Due 05-15-04	80,000	84,275
U.S. Treasury	6.000%	Due 08-15-04	100,000	107,375
U.S. Treasury	2.000%	Due 11-30-04	300,000	302,531
U.S. Treasury	5.875%	Due 11-15-05	50,000	55,437

3 to 5 years to maturity

U.S. Treasury	5.625%	Due 02-15-06	100,000	110,719
U.S. Treasury	4.625%	Due 05-15-06	50,000	53,922
U.S. Treasury	3.250%	Due 08-15-07	200,000	205,000

5 to 10 years to maturity

U.S. Treasury	5.500%	Due 05-15-09	100,000	113,469
U.S. Treasury	6.000%	Due 08-15-09	100,000	116,250
U.S. Treasury	5.000%	Due 02-15-11	50,000	54,938

Accrued Interest 17,681

Total U.S Treasury Notes -----  
1,727,050

Cash and Equivalents 12.0 % 236,291

-----  
236,291

Total Investments in Securities -----  
1,963,341  
=====

Bond Fund  
December 31, 2002  
Top Five Holdings

Security	% of Net Assets
US Treasury 2.000 % due 11/30/2004	15.4 %
US Treasury 2.750 % due 10/31/2003	12.9 %
US Treasury 3.250 % due 8/15/2007	10.4 %
US Treasury 4.625 % due 2/28/2003	7.7 %
US Treasury 6.000 % due 8/15/2009	9.1 %

## Fund Performance

	Total Return		
	3 Months	Trailing Year	Annualized Since Inception
Bond Fund	0.54 %	6.13 %	6.00 %
Lipper US Government	0.77 %	9.29 %	8.10 %
Lehman Inter. Gov't Index	0.69 %	9.97 %	8.16 %

Manor Investment Funds, Inc.  
Statement of Assets and Liabilities  
December 31, 2002

	Year Ended December 31, 2002		
	Manor Fund	Growth Fund	Bond Fund
<b>ASSETS</b>			
Investments in Securities	\$ 1,424,255	\$ 1,054,607	\$ 1,709,431
Cash	327,303	582,078	236,291
Dividends & Interest Receivable	353	574	18,005
<b>Total Assets</b>	<b>1,751,911</b>	<b>1,637,259</b>	<b>1,963,727</b>
<b>LIABILITIES</b>			
Expenses Payable	(2,370)	(576)	(1,722)
<b>Total Liabilities</b>	<b>(2,370)</b>	<b>(576)</b>	<b>(1,722)</b>
<b>NET ASSETS</b>	<b>\$ 1,749,541</b>	<b>\$ 1,636,683</b>	<b>\$ 1,962,005</b>
<b>NET ASSETS CONSIST OF:</b>			
Capital Stock (par value and paid-in capital)	\$ 2,203,773	\$ 2,358,388	\$ 1,875,698

Accumulated net investment income(loss)	(12,001)	(25,820)	3,165
Accumulated net realized (loss)	(127,206)	(248,454)	700
Net unrealized appreciation (depreciation)	(315,025)	(447,431)	82,442
NET ASSETS	\$ 1,749,541	\$ 1,636,683	\$ 1,962,005
CAPITAL SHARES OUTSTANDING (10,000,000 authorized shares; \$.001 par value)	166,334	231,076	178,768
NET ASSET VALUE PER SHARE	\$ 10.52	\$ 7.08	\$ 10.98

Manor Investment Funds, Inc.  
Statement of Operations  
December 31, 2002

	Year Ending December 31, 2002		
	Manor Fund	Growth Fund	Bond Fund
Investment Income			
Dividends	\$ 21,056	\$ 5,756	\$ - 0 -
Interest	3,984	6,386	61,573
Total Investment Income	25,040	12,142	61,573
Expenses			
Management Fees	17,955	15,004	7,604
Professional Fees	5,524	4,143	4,143
Trustee Fees	1,383	1,305	1,805
Registration Fees	200	150	180
Taxes	185	499	33
Miscellaneous Fees	1,163	1,574	1,832
Total Expenses	26,410	22,675	15,597
Net Investment Income (Loss)	(1,370)	(10,533)	45,976

Realized & Unrealized Gain (Loss) on Investments

Net Realized gain (loss) on Investments	(4,835)	(48,507)	7,381
Net Change in Unrealized Appreciation/Depreciation on Investments	(442,334)	(314,010)	30,446
Net realized and Unrealized Gain (Loss) on Investments	(447,169)	(362,517)	37,827
Net Increase (Decrease) in Net Assets Resulting from Operations	\$ (448,539)	\$ (373,050)	\$ 83,803

Manor Investment Funds, Inc.  
Statement of Changes in Net Assets  
December 31, 2002

Year Ending December 31, 2002

	Manor Fund	Growth Fund	Bond Fund
Increase (Decrease) in Net Assets from Operations			
Net Investment (Loss) Income	\$ (1,370)	\$ (10,532)	\$ 45,976
Net realized gain (Loss) on investments	(4,835)	(48,507)	7,381
Net Change in Unrealized Appreciation/Depreciation on Investments	(442,334)	(314,010)	30,446
Net increase/decrease in net assets resulting from operations	(448,539)	(373,049)	83,803
Distributions to Shareholders from			
Net Investment Income	- 0 -	- 0 -	(45,239)
Net Realized Short-term Gain	- 0 -	- 0 -	(2,262)
Net Realized Long-term Gain	- 0 -	- 0 -	(4,698)
Total Distributions	- 0 -	- 0 -	(52,199)

Capital Share Transactions

Proceeds From Reinvestment of Distributions	- 0 -	- 0 -	52,199
Proceeds From shares sold	617,829	842,666	1,608,279
Payments for shares redeemed	(506,641)	(355,086)	(1,206,500)
Net Increase in Net Assets From Capital Share Transactions	111,188	487,580	453,978
	-----	-----	-----
Total Increase in Net Assets	(337,351)	114,531	485,582

Net Assets:

Beginning of Year	2,086,893	1,522,153	1,476,423
	-----	-----	-----
End of Year	\$ 1,749,542	\$ 1,636,684	\$ 1,962,005
	=====	=====	=====

Transactions in Shares of Fund

Sold	54,772	108,141	146,013
Issued in reinvestment of distributions			
Redeemed	(46,530)	(47,137)	(110,850)
	-----	-----	-----
Net increase/decrease in outstanding-shares of the Fund	8,242	61,004	39,934
	=====	=====	=====

Manor Investment Funds, Inc.  
Notes to Financial Statements  
December 31, 2002

Note 1-Organization

Incorporated in Pennsylvania on September 13, 1995, Manor Investment Funds, Inc (the Company) was in the initial stages of development until January 27, 1996 when it began to sell shares of its stock to the public. The Company is an open end, non-diversified management investment company, registered under the Investment Company Act of 1940. Manor Fund, Growth Fund, and Bond Fund (collectively referred to as the Funds) presently constitute Manor Investment Funds, Inc. The primary investment objectives of each of these Funds follow:

Manor Fund:

Conservative capital appreciation and current income, investing primarily in common stock of large corporations in the United States.

**Growth Fund:**

Long-term capital appreciation, investing primarily in common stock of U.S. corporations.

**Bond Fund:**

Intermediate-term fixed income, investing primarily in U. S. Government obligations.

**Note 2-Significant Accounting Policies**

Following is a summary of the Funds' significant accounting policies which are in conformity with generally accepted accounting principles for investment companies:

**Security Valuation and Accounting:**

Investments in securities traded on a national securities exchange (or reported on the NASDAQ national market) are stated at the last reported sales price on the day of valuation.

The Funds follow industry practice and record security transactions on the trade date.

**Cash:**

Cash consists of checking and money market accounts with the custodian. As financial instruments, such accounts potentially subject the Funds to concentration of credit risk. The carrying value of these accounts approximates market value due to their short-term nature.

**Federal Income Taxes:**

The Funds intend to continue to comply with the requirements of the Internal Revenue Code applicable to regulated investment companies and to distribute substantially all of their taxable income. Accordingly, no provision for federal income tax or excise tax is required in these financial statements.

**Distributions:**

Each Fund generally pays, or intends to pay dividends from net investment income and to distribute net capital gains that it realizes. Distributions to shareholders are recorded on the ex-dividend date.

**Realized Gains and Losses on Investment Transactions:**

Gains or losses realized on investment transactions are determined by comparing the identified cost of the security lot sold with the net sales proceeds.

**Accounting Estimates:**

Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Other:

Interest income is recognized on the accrual basis. When applicable, premiums and discounts on purchased U. S. government obligations are amortized or accreted to interest income over the life of the obligation.

As mutual funds, the Funds' investments are subject to stock market risk, bond market risk and inflation risk. Manor Fund and Growth Fund will have higher exposure to stock market risk because of their significant investments in stocks. Bond Fund will have higher exposure to bond market risk and inflation risk because of its significant investments in U.S. Treasury Notes.

#### Note 3-Related Party Transactions

Daniel A. Morris, President of Manor Investment Funds, Inc., is also the sole shareholder, officer and director of Morris Capital Advisors, Inc. (Morris). Mr Morris (and his wife) and other directors, own shares in the Funds. Each of the

Funds has an investment management and advisory services agreement (the Agreements) with Morris.

Monthly, the Funds pay Morris Capital Advisors a fee equivalent to one percent per annum of the daily average net assets of the Manor and Growth Funds (.5 percent for Bond Fund). Each of the Funds bears expenses necessary and incidental to the conduct of its business.

The Agreements must be approved annually by a majority vote of the Funds' non-interested Board of Directors.

#### Note 4-Investment Transactions

Purchases of investment securities for Manor, Growth and Bond aggregated \$369,140, \$239,742 and \$654,523, respectively in 2002; sales aggregated \$451,921, \$198,964, and \$408,078 for Manor, Growth, and Bond, respectively.

For income tax purposes, Manor Fund has capital loss carryovers of \$43,592 and \$78,780 realized in 1999 and 2001. Growth Fund capital losses of \$3,666, \$151,266 and \$45,013 and were realized in 1999-2001. Such losses will be carried forward to offset future realized capital gains. If not used, they will expire in 2007 through 2009.

Each Fund portfolio consists of securities that have risen in value since their purchase (called unrealized gain), or securities that have fallen in value (unrealized loss) since their purchase. At December 31, 2001, net unrealized appreciation and depreciation of investment securities for financial reporting and federal income tax reporting were as follows:

Manor Fund:



Net unrealized depreciation of \$314,827 consisted of unrealized gains of \$56,188 and unrealized losses of \$371,015.

Growth Fund:

Net unrealized depreciation of \$447,431 consisted of unrealized gains of \$71,606 and unrealized losses of \$519,037.

Bond Fund:

Net unrealized appreciation of \$82,380 consisted of unrealized gains on U.S. Government obligations of \$82,380 and no unrealized losses.

Note 5-Custody Agreement

Under an agreement, The First National Bank of Chester County (FNB) acts as the custodian for each of the Funds. FNB charges fees in accordance with its standard rates for such services, payable monthly.

Manor Investment Funds, Inc.

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