



# **M. A. Wright Investment Fund**

## **Semi-Annual Board Meeting**

December 8, 2003

Adam Michael  
Jesse H. Jones Graduate School of Management  
Rice University

# Agenda

- Wright Fund overview
- Fund performance
- Sector performance
- Activities and initiatives
- Speakers
- Procedural issues
- Questions & answers

# Wright Fund Overview

- Established in 1995
- Over \$640,000 in assets
- 70% equities / 30% fixed income
- 30 students – 1 year commitment
- Competitive interview process
- Class is student run

# Class Structure

- Student managed
  - 5 Officers
  - 1 Professor
  - Oversight Board
- Seven Analyst Groups (AGs)
  - Information Technology / Communication Services
  - Consumer Discretionary / Consumer Staples
  - Materials / Industrials
  - Healthcare
  - Financials
  - Fixed Income
  - Energy / Utilities

# Officer Responsibilities

## Chief Investment Officer

- Directs portfolio policy, tracks performance, coordinates transactions, and presents to the Oversight Board

## Chief Operating Officer

- Directs daily operation of the class, prepares the syllabus, and organizes interviews for incoming students

## Chief Economist

- Updates the class on latest economic news

## Chief Marketing Officer

- Develops marketing materials, coordinates speakers, and manages relations with the school, the board, and prospective students

## Chief Technology Officer

- Develops and maintains the Wright Fund web-site

# Current Officers

Chief Investment Officer	Adam Michael, MBA 2004
Chief Operating Officer	Brian Quattrucci, MBA 2004
Chief Economist	Brian Muecke, MBA 2004
Chief Marketing Officer	An Huynh, MBA 2004
Chief Technology Officer	Justin Hopkins, MBA 2004

# Incoming Officers

Chief Investment Officer      T.G. Jayanth, EMBA 2004

Chief Operating Officer      Jeff Kirkham, MBA 2004

Chief Economist      Tim Thornton, MBA 2004

Chief Marketing Officer      Stacey Williams, MBA 2004

Chief Technology Officer      Nandu Patel, MBA 2004

# Analyst Group Responsibilities

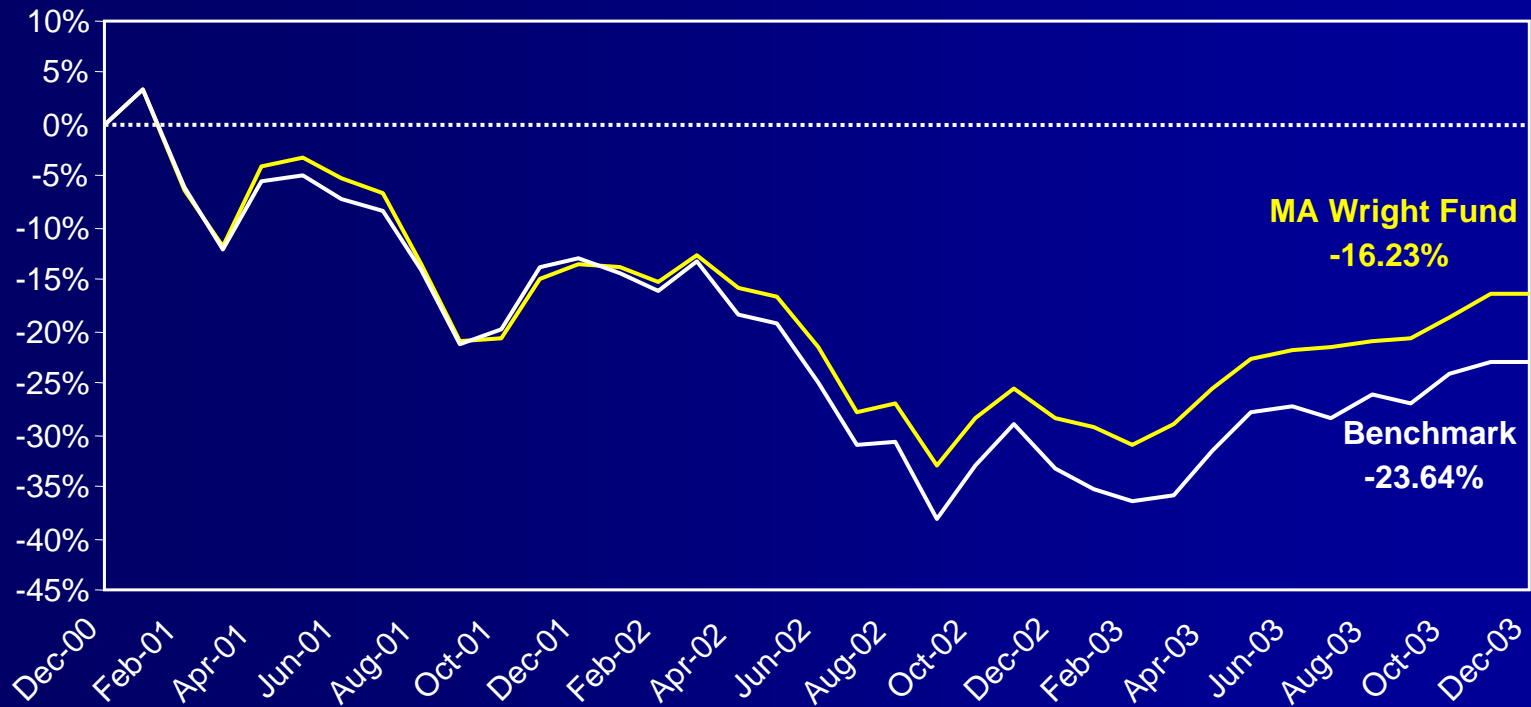
- Manage sector(s) as “portfolio”
  - Develop and implement strategy
  - Recommend sector(s) allocation
  - Monitor and incorporate economic and market trends
  - Performance evaluation
  - Ongoing communication on sector(s) with class

# Benchmarks

- Equity – S&P500
- AG sector(s) – S&P500 industry group(s)
- Fixed income - 80% of Lehman Aggregate Bond Index

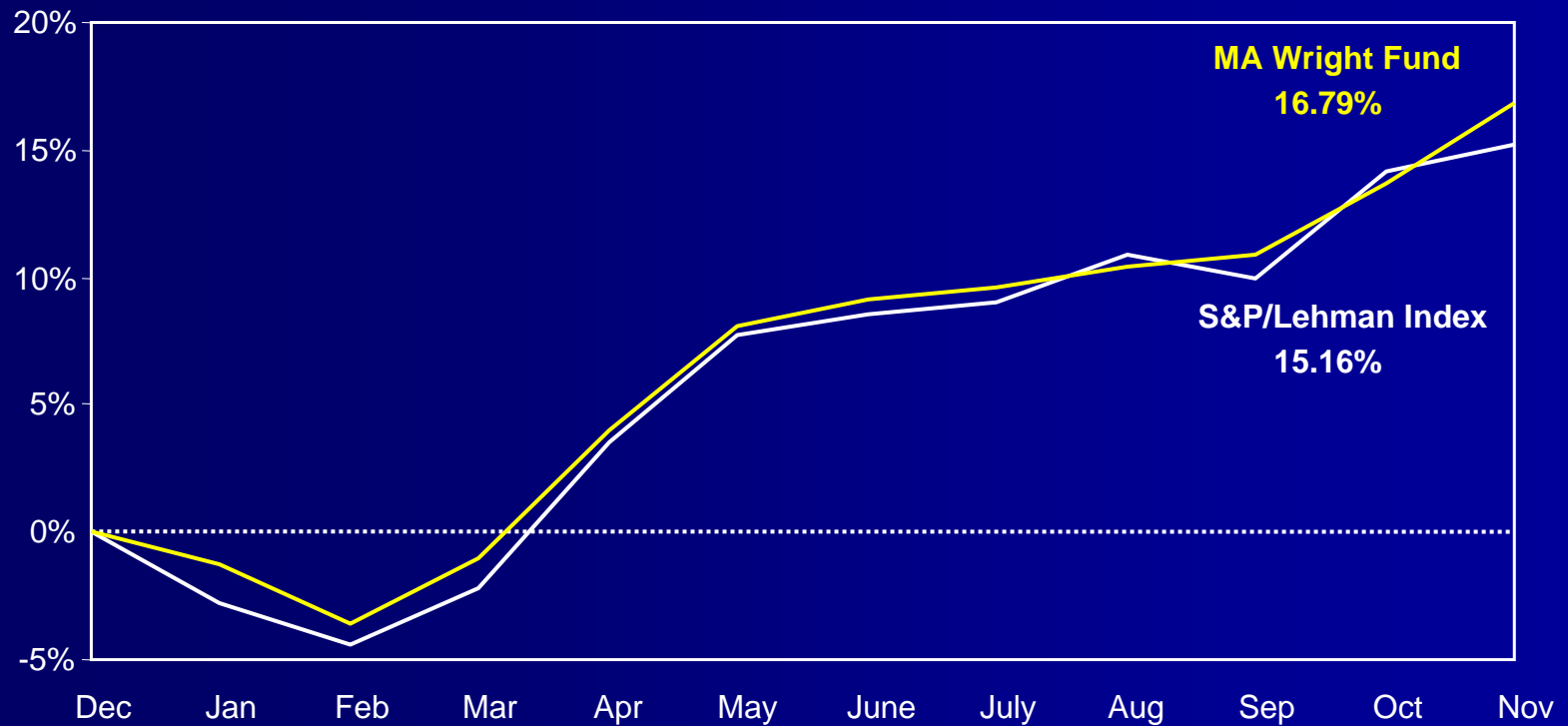
# Fund Performance

## M.A. Wright Fund Performance Jan-01 to Nov-03



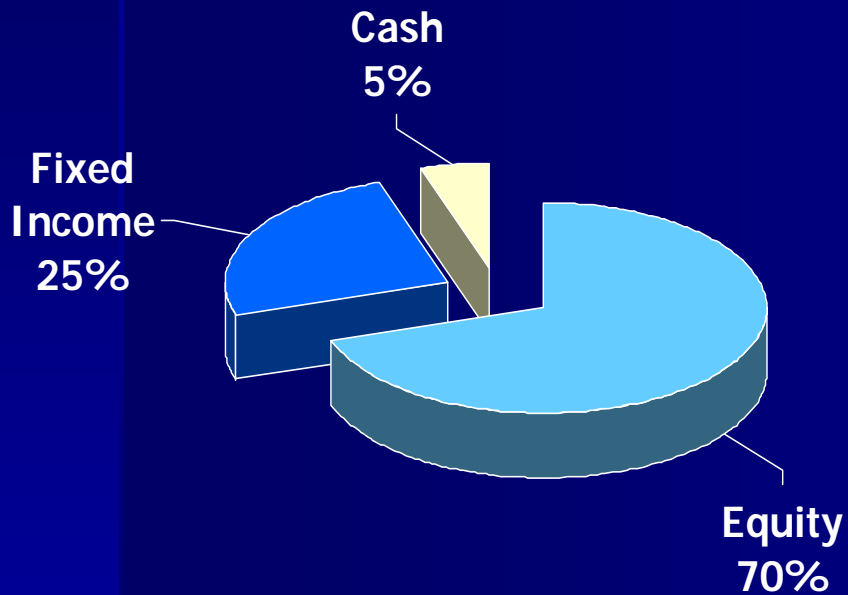
# Fund Performance

M.A. Wright Fund Performance 2003 YTD

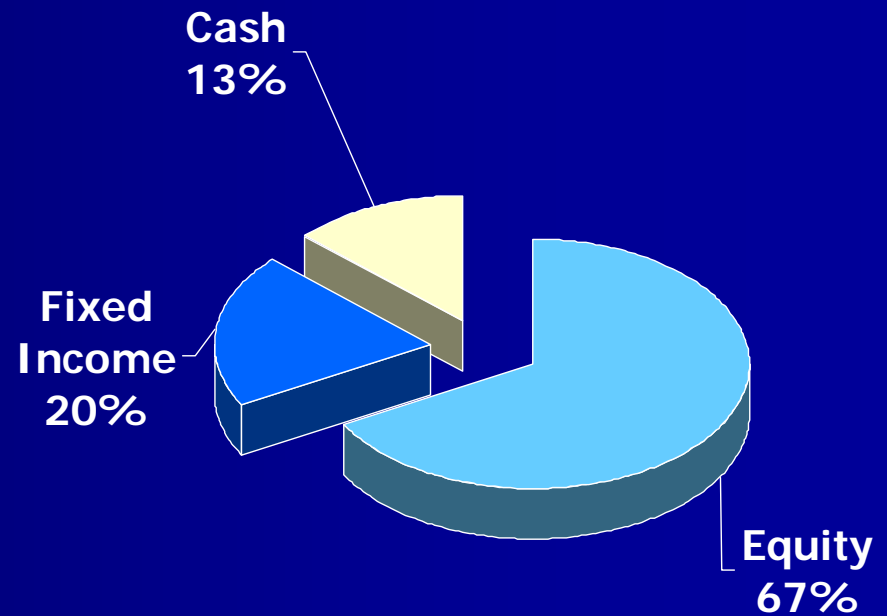


# Asset Mix

Asset Allocation Policy

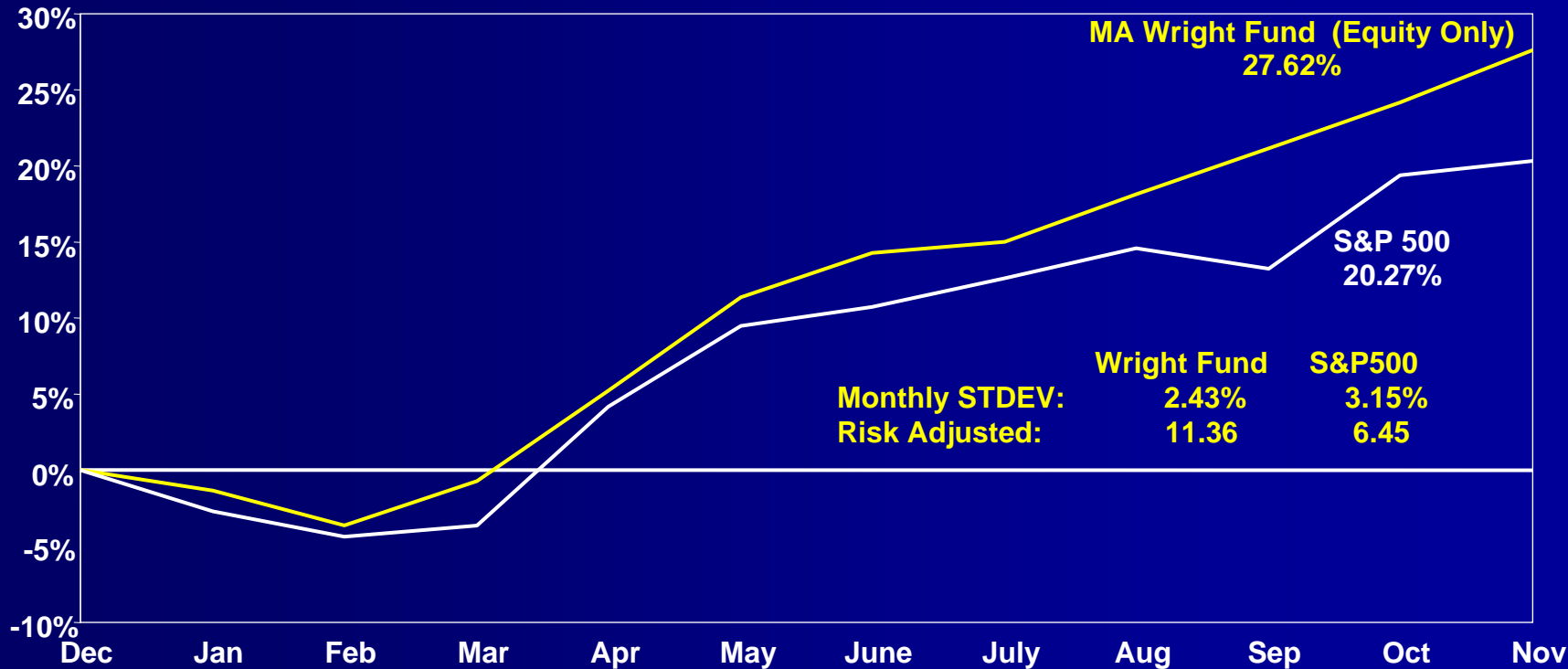


Current Asset Allocation



# Fund Performance

M.A. Wright Fund Equity Performance (through Nov 30, 2003)



# Risk Measures

	Wright Fund	Benchmark
Return :	16.79%	15.16%
Standard Deviation:	6.97%	9.54%
Sharpe Ratio:	1.74	1.10
	Equity only	S&P500
Return :	27.62%	20.27%
Standard Deviation:	8.89%	10.41%
Sharpe Ratio:	2.58	1.50
Beta:	0.42	1.00

\*YTD 11-30-03

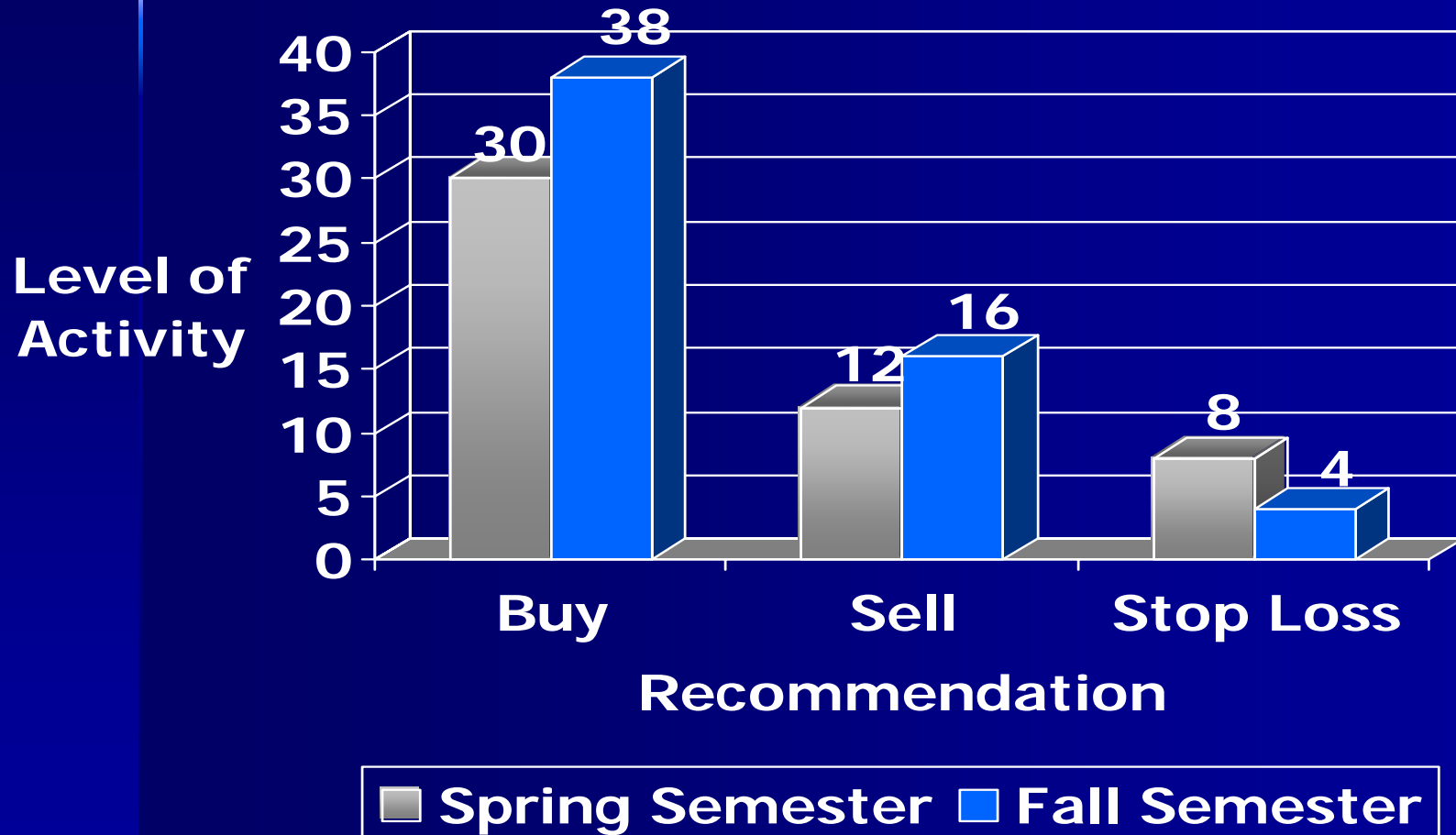
# Top Holdings

Dodge & Cox Income	4.04%
SSGA Bond Market	3.97%
Affiliated Computer Services	3.88%
Simon Property Group	2.93%
Harbor Bond	2.54%
TCW Galileo Total Return	2.53%
Washington Mutual	2.48%
Fortune Brands	2.43%
Mobile TeleSystems OJSC	2.42%
Brookfield Properties	2.37%

# Top Equity Holdings

Affiliated Computer Services	3.88%
Simon Property Group	2.93%
Washington Mutual	2.48%
Fortune Brands	2.43%
Mobile TeleSystems OJSC	2.42%
Brookfield Properties	2.37%
SCP Pool	2.33%
Stericycle	2.29%
China Mobile	2.26%
Taro Pharmaceutical Industries	2.13%

# Fund Activity



# Top Equity Performance

For the period 8-27-03 to 11-30-03

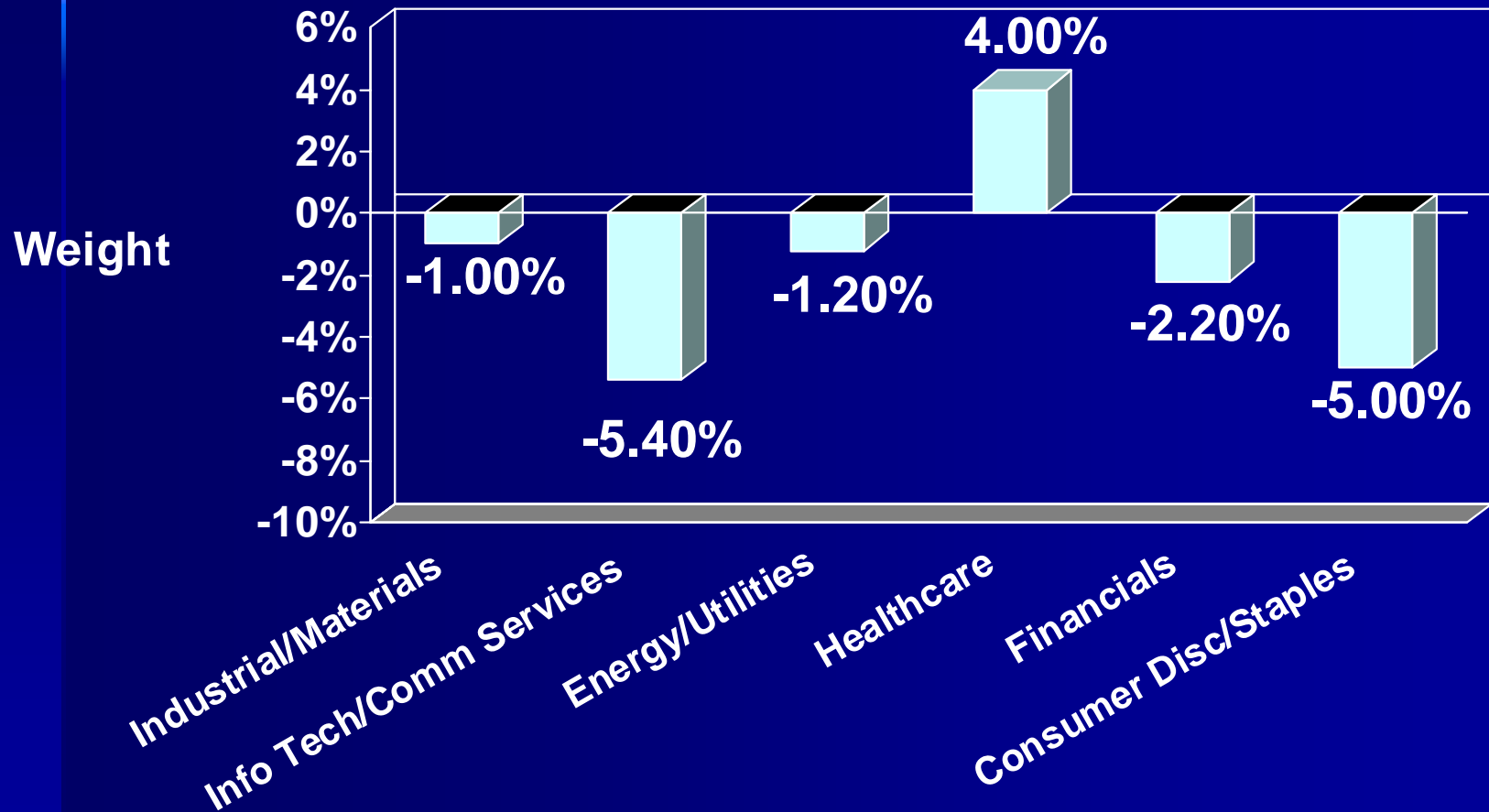
IAMGOLD	40.57%
Brookfield Homes	31.68%
Pan American Silver	20.73%
Washington Mutual	19.61%
Watson Pharmaceuticals	15.71%
Lafarge North America	14.76%
Brookfield Properties	14.16%
Oshkosh Truck	14.14%
Pulte Homes	13.41%
Simon Property Group	11.70%

# Top Equity Performance

Total returns since purchase

Brookfield Homes	150.79%
Brookfield Properties	75.41%
Watson Pharmaceuticals	67.94%
IAMGOLD	65.35%
AMERIGROUP	58.35%
Simon Property Group	51.55%
Lafarge North America	41.69%
Washington Mutual	38.94%
United Technologies	33.84%
Stericycle	33.66%

# Sector Weights Relative to the S&P 500



\*As of 11-30-03

# Sector Performance Relative to the S&P 500

<b>Analyst Group</b>	<b>Wright Fund</b>	<b>S&amp;P 500</b>	<b>Over/Under Performance</b>
Industrials / Materials	13.13%	3.10%	1,003 bps
Consumer Disc / Staples	14.04%	5.48%	857 bps
Healthcare	5.83%	-0.42%	625 bps
Energy / Utilities	2.02%	1.07%	94 bps
Financials	7.77%	8.15%	-38 bps
InfoTech / Comm Service	4.48%	7.89%	-341 bps

\*For the period 8-28-03 to 11-30-03

# Fixed Income

Average Portfolio  
Credit Rating: AAA

Duration:

DODIX	3.55
SSBMX	3.83
HABDX	3.88
TGMNX	2.99
Overall	3.59
Lehman	3.95

Holdings:

- Dodge & Cox Income Fund
- SSGA Bond Market Fund
- TCW Galileo Total Return Fund
- Harbor Bond Fund

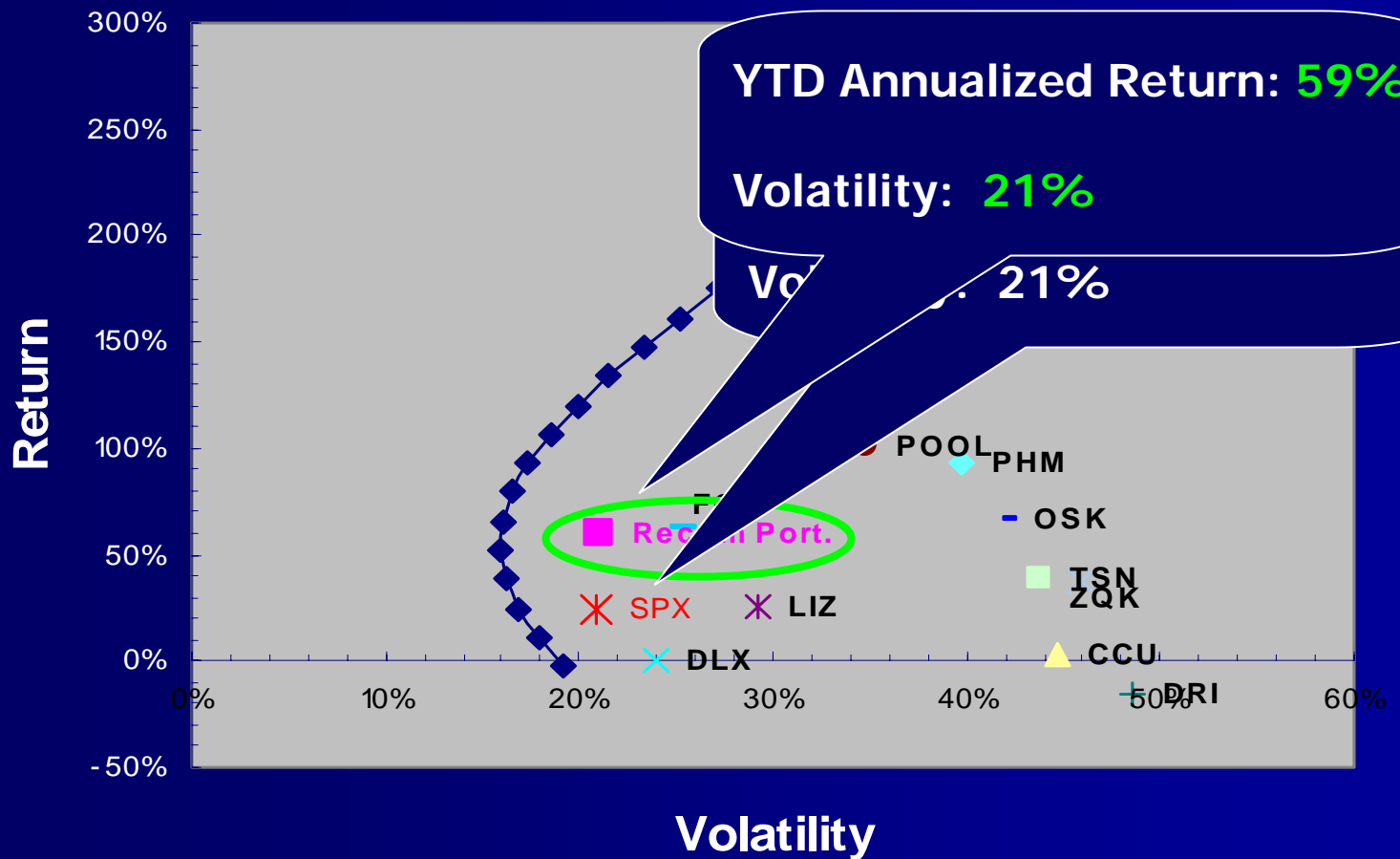
Performance: *(8-27-03 to 11/30/03)*

F.I. Portfolio	0.53%
Lehman Aggregate	0.88%

# Top Analyst Group

- Consumer Discretionary / Staples
  - Antonio Zuniga, Rob Chambers, Michael Andries, Jessica Zhao, Maya Zamskaya
- How we outperformed
  - Sector strategy
  - Equity selection process
  - Strict stop loss policy

# Efficient Frontier Analysis



# Activities and Initiatives

- Portfolio management vs. stock picking
- RISE (Redefining Investment Strategy Education) Symposium
- Special projects (AFG, peer analysis, beta testing new excel-based portfolio optimizer, broker evaluation)
- One module class added for incoming analysts
- Upcoming Texas Portfolio Symposium
- Funded 1<sup>st</sup> scholarship
- Revised Fixed Income Guidelines

# Speakers

- Jim Rogers, “Adventure Capitalist”
- Randi Schea, CTA, MD, Prism Trading
  - MTA Quarterly Meeting
- Leah R. Friday, CFA, HSFA & Bob Luck, CFA, AIMR
  - AIMR & CFA overview
- John E. Olsen, CFA, Sander Morris Harris
  - Oil & Gas research
- Abel Garcia, CFA & Karoline Carlson, CFA, AIM Investments
  - AIM overview and portfolio strategy
- Ian Winlof, CFA, FCA Corp
  - FCA investment process

# AFG Project

- About the Applied Finance Group (AFG)
  - Offers sophisticated research and analytical tools
  - Independent source of buy-side research
- About the AFG Project
  - Collaboratively analyzed hotel, gaming, and leisure industry
  - Semester long project
  - Report published to all AFG clients

# Procedural Issues

- Board guidelines
- Investment policy
- Fixed income
- Awards

**Questions?**