Agenda

- Introductions
- Fund Performance & Characteristics
- Process Improvements
- Sector Activity & Performance
Introductions

• Professors
  - Rocky McAsahan – Frost Bank
  - Steve Russo – Eagle Global Advisors

• Faculty Advisor
  - Bala Drahan – J. Howard Creekmore Professor of Management
Fund Officers

• Chief Investment Officer
  Terry Ledbetter

• Chief Operating Officer
  Chris Lovisone

• Chief Marketing Officer
  John Puckett

• Chief Technology Officer
  Brent Konstanzer

→ Paresh Jain
→ Jin T. Mok
→ Mark Burroughs
→ Sandesh Hegde
Fund Performance
## Annualized Returns

<table>
<thead>
<tr>
<th></th>
<th>5 Month*</th>
<th>1 Year*</th>
<th>3 Year*</th>
<th>5 Year*</th>
</tr>
</thead>
<tbody>
<tr>
<td>M.A. Wright Fund</td>
<td>2.0%</td>
<td>-9.8%</td>
<td>0.4%</td>
<td>6.1%</td>
</tr>
<tr>
<td>S&amp;P 500</td>
<td>-4.4%</td>
<td>-9.0%</td>
<td>-3.1%</td>
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*Periods ending April 17, 2002.
## Annualized Returns

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*Periods ending April 17, 2002.

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<th>3 Year†</th>
<th>5 Year†</th>
</tr>
</thead>
<tbody>
<tr>
<td>M.A. Wright Fund</td>
<td>-20.4%</td>
<td>-13.7%</td>
<td>-0.7%</td>
<td>5.4%</td>
</tr>
<tr>
<td>S&amp;P 500</td>
<td>-12.6%</td>
<td>-11.9%</td>
<td>-1.1%</td>
<td>9.5%</td>
</tr>
</tbody>
</table>

†Periods ending December 31, 2001.
## Portfolio Characteristics

<table>
<thead>
<tr>
<th></th>
<th>M.A. Wright</th>
<th>S&amp;P 500</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weighted Ave. Beta</td>
<td>0.99</td>
<td>1.00</td>
</tr>
<tr>
<td>Weighted Ave. P/B</td>
<td>5.5</td>
<td>3.3</td>
</tr>
<tr>
<td>Weighted Ave. P/E</td>
<td>29.7</td>
<td>55.5</td>
</tr>
<tr>
<td>Weighted Ave. P/CF</td>
<td>15.2</td>
<td>13.0</td>
</tr>
<tr>
<td>Weighted Ave. Market Cap.</td>
<td>57.6 BB</td>
<td>100.9 BB</td>
</tr>
<tr>
<td>Median Market Cap.</td>
<td>12.5 BB</td>
<td>8.8 BB</td>
</tr>
</tbody>
</table>
Top Ten Holdings

1. Bed Bath & Beyond  4.0%
2. Philip Morris      3.4%
3. Kimberly Clark     3.1%
4. Jones Apparel      3.1%
5. Amerigroup         2.8%
6. Amgen              2.8%
7. General Electric   2.4%
8. Pfizer             2.4%
9. Valero             2.3%
10. Fleet Boston      2.3%

Total: 28.6%*

*vs. 42.2% last semester
Process Improvements

1) Improved Stock Selection by replacing open voting with silent voting.

2) Moved towards being fully invested, holding less resources in cash and shares of the S&P 500 Index Fund.
Raising the Bar Through Silent Voting

Fall '01
- Buy Decisions
- Sell Decisions

Spring '02
- Buy Decisions
- Sell Decisions
Moving Towards Being Fully Invested

January 15, 2002:
- Total Fund Value: $605,100
- Total Equities: 60%
- Cash: 18%
- S&P 500 Fund: 22%

April 17, 2002:
- Total Fund Value: $626,670
- Total Equities: 74%
- Cash: 6%
- S&P 500 Fund: 20%

M.A. Wright Investment Fund
Previously, Sector Weights were based on the total value of the fund’s equities

Consequence:

- As some sectors sold holdings, other sectors became overweighted.
- These overweight sectors then sold holdings to achieve their target weight.
- This downward spiral steadily increased cash reserves and S&P 500 Fund holdings.
Now, Sector Weights are based on the total value of the fund itself

Consequence:

- After this decision, all sectors became underweight, thus encouraging analyst to present “Buy” recommendations, moving money out of cash and the S&P 500 Fund.
- Analysts can freely pursue the target weight for their sector.
Increase in the Proportion of “Buy” Decisions

Spring '01  Fall '01  Spring '02

Buy Decisions  Sell Decisions
Relative Sector Weightings

Based on Total Individual Equity Holdings*

*I.e. excluding cash and S&P 500 Index Fund holdings.
Sector Performance
Spring 2002
Top 5 Semester Performers

1. Hydril  27.9%
2. Amerigroup  25.7%
3. Starwood Hotels  21.5%
4. Dynergy  19.8%
5. Phelps Dodge  19.6%

(Returns through April 17, 2002)

M.A. Wright Investment Fund
Bottom 5 Semester Performers

1. BEA Systems  -33.0%
2. Oracle       -30.7%
3. IBM          -28.6%
4. Sprint PCS   -26.5%
5. Cisco        -18.9%

(Returns through April 17, 2002)
Sector Activity
Communication Services

Current Holdings
- Spring PCS
- Verizon
- BellSouth

Weight Target
- Under Weight

Semester Transactions
- Bought 200 shares of BellSouth at $31.83

Semester Performance
- 0.7% Underperformance (vs. S&P 500 Communication Services Sector)
Consumer Discretionary

Current Holdings
- Bed Bath & Beyond
- Starwood Hotels
- Jones Apparel
- KB Homes
- Mohawk Industries
- TJX Companies, Inc.

Semester Transactions
- Sold 350 shares of Lowes at $44.00.
- Sold 100 shares of Wal-Mart at $61.92
- Sold 520 shares of Liberty Media at $12.68
- Bought 220 shares of KB Homes at $43.56
- Bought 110 shares of Mohawk Industries at $59.10
- Bought 300 shares of TJX Companies at $41.51.

Weight Target
- Neutral to Overweight

Semester Performance
- 9.8% Outperformance (vs. S&P 500 Consumer Discretionary Sector)
## Consumer Staples

### Current Holdings
- Phillip Morris
- Kimberly Clark
- Nash Finch Company

### Semester Transactions
- Bought 300 shares of Kimberly Clark at $62.51.
- Sold 300 shares of Anheuser Busch at $52.45.
- Bought Nash Finch Company at $27.79.

### Weight Target
- Equal Weight

### Semester Performance
- 0.3% Outperformance (vs. S&P 500 Consumer Staples Sector)
Energy

Current Holdings
- Anadarko Petroleum
- Hydril Co.
- Valero Energy

Semester Transactions
- Bought 550 shares of Hydril Co. at $17.20
- Bought 260 shares of Anadarko at $48.27

Weight Target
- Equal Weight

Semester Performance
- 10.6% Outperformance (vs. S&P 500 Energy Sector)
## Financials

### Current Holdings
- Citigroup
- MBNA
- Bank of New York
- Washington Mutual
- Freddie Mac
- Legg Mason
- AIG
- Amerigroup Corp.
- Fleet Boston Financial

### Semester Transactions
- Bought 250 shares of Bank of New York at $42.15
- Bought 500 shares of Amerigroup Corp. at $27.73

### Weight Target
- Under Weight

### Semester Performance
- 1.8% Outperformance (vs. S&P 500 Financials Sector)
Healthcare

Current Holdings
- Pfizer Inc
- Amgen Inc
- Cooper Companies

Semester Transactions
- Bought 300 shares of Amgen at 60.18
- Sold 200 shares of Merck at $56.13

Weight Target
- Under Weight

Semester Performance
- 0.2% Outperformance (vs. S&P 500 Healthcare Sector)
## Industrials

<table>
<thead>
<tr>
<th>Current Holdings</th>
<th>Semester Transactions</th>
</tr>
</thead>
<tbody>
<tr>
<td>🔄 American Standard</td>
<td>🔄 Sold 500 shares of Concord EFS at $31.30</td>
</tr>
<tr>
<td>🔄 Convergys Group</td>
<td>🔄 Bought 300 shares of Honeywell at $38.27</td>
</tr>
<tr>
<td>🔄 Forward Air</td>
<td>🔄 Bought 300 shares of Convergys Group at $31.35</td>
</tr>
<tr>
<td>🔄 General Electric</td>
<td>🔄 Bought 300 shares of Southwest Airlines at $18.67</td>
</tr>
<tr>
<td>🔄 Honeywell</td>
<td></td>
</tr>
<tr>
<td>🔄 Southwest Airlines</td>
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</tbody>
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### Weight Target

- 🔄 Equal Weight

### Semester Performance

- 🔄 0.7% Outperformance (vs. S&P 500 Industrials Sector)
<table>
<thead>
<tr>
<th>Information Technology</th>
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</thead>
<tbody>
<tr>
<td><strong>Current Holdings</strong></td>
</tr>
<tr>
<td>- BEA Systems</td>
</tr>
<tr>
<td>- Cisco Systems</td>
</tr>
<tr>
<td>- IBM</td>
</tr>
<tr>
<td>- Mercury Interactive</td>
</tr>
<tr>
<td>- Microsoft Corp</td>
</tr>
<tr>
<td>- Oracle Corp</td>
</tr>
<tr>
<td><strong>Weight Target</strong></td>
</tr>
<tr>
<td>- Underweight</td>
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<tr>
<td><strong>Semester Transactions</strong></td>
</tr>
<tr>
<td>- Bought 200 shares of Mercury Interactive at $39.91</td>
</tr>
<tr>
<td><strong>Semester Performance</strong></td>
</tr>
<tr>
<td>- 8.2% Underperformance (vs. S&amp;P 500 IT Sector)</td>
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</tbody>
</table>
Current Holdings
- Phelps Dodge
- Vulcan Materials

Semester Transactions
- Bought 200 shares of Phelps Dodge at $34.15
- Bought 100 shares of Vulcan Materials at $47.12
- Sold 300 shares of Praxair at $55.75

Weight Target
- Equal Weight

Semester Performance
- 15.8% Outperformance (vs. S&P 500 Materials Sector)
Utilities

Current Holdings
- Dynegy

Semester Transactions
- Hold Dynegy

Weight Target
- Under Weight

Semester Performance
- 16.2% Outperformance (vs. S&P 500 Utilities Sector)
Questions
Fund T-Shirts Available

M.A. Wright Fund

Est. 1995

Jones Graduate School of Management, Rice University