



Asset Allocation Guidelines

The development and monitoring of Wright's Asset Allocation Guidelines involve the following process:

1. Choose Asset Classes (currently 21):
 - Broad spectrum of return, volatility and correlation attributes
 - Domestic and international
 - Stocks/Bonds/Alternatives/Cash
 - Make additions or changes in asset classes (generally once a year)

2. Create Model allocations
 - Conservative (Income) to Aggressive (Aggressive Growth)
 - Both with and without tactical asset classes (high yield, international bonds, emerging markets, REITs and commodities)
 - Benchmark asset levels for each model based on
 - Mean variance analysis of historical results to create efficient frontier
 - Models being evenly spaced along efficient frontier
 - Market capitalizations

3. Set/Monitor Asset Allocation Guidelines
 - Investment Committee meets weekly
 - Reviews economy and markets
 - Develops market and return outlooks
 - Reviews asset allocation policy
 - Confirms existing policy or sets new policy
 - Policy changes are generally made 1-3 times a year
 - If policy is changed a write up of the rationale for the changes is provided