

# Wilshire Diversified Alternatives Portfolio

As of March 31, 2017 > Enhance Diversification With An Allocation To Alternatives



## Portfolio Objectives

- **Return:** 90 Day T-Bill plus 3% to 4% annually
- **Risk:** 4% to 6% annualized standard deviation
- **Beta:** Below 0.4 versus traditional asset classes

**There is no guarantee that any of the Portfolio Objectives will be met.**

## Portfolio Highlights

- 1. Diversification** - seeks to provide a source of return lowly correlated to traditional portfolio risk factors.
- 2. Return** - Opportunistically seeks to maximize absolute return by tactically allocating to managers and strategies.
- 3. Risk Management** - Maintain manager and strategy diversification through rigorous monitoring of manager and portfolio risk attributes.

## Strategies

- **Equity Hedge strategies** invest long and short in equity securities seeking to hedge equity market exposure and/or enhance security selection opportunities.
- **Relative Value strategies** invest long and short in fixed income securities and derivatives seeking to add value through hedging or security selection.
- **Global Macro strategies** invest long and short across global equity, fixed income, commodity and currency markets driven by a fundamental approach.
- **Event Driven Credit strategies** maintain positions in companies currently or prospectively involved in corporate transactions of a wide variety, expecting the idiosyncratic risk of these events to drive returns.
- **Multi Strategy strategies** invest across multiple strategies and can be either a single or multi manager fund.

## Summary

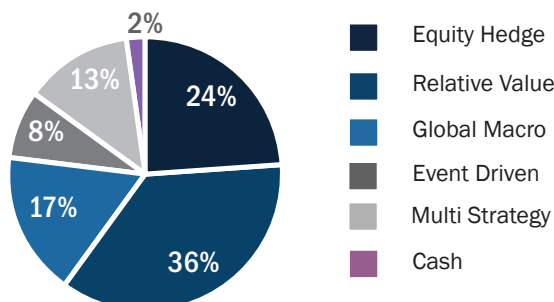
The Wilshire Diversified Alternatives Portfolio (the "Portfolio") is an actively managed, multi strategy alternative investment portfolio of mutual funds with an absolute return mandate. The Portfolio allows advisors to provide their clients with risk managed exposure to liquid alternative mutual funds:

- Each strategy under consideration is comprehensively evaluated by Wilshire's team of hedge fund manager research analysts utilizing a proprietary six factor qualitative research process.
- Qualitative and quantitative inputs are employed in the manager selection and portfolio construction processes, seeking to maximize risk adjusted return while maintaining low correlation to traditional portfolio risk factors.
- Wilshire's approach to portfolio construction is grounded in a risk optimized framework designed to maximize the benefits of diversification across a broad opportunity set of liquid alternative mutual funds.

Wilshire Associates Incorporated ("Wilshire") has a deep heritage of advising its clients on the use of alternatives in an effort to enhance holistic portfolio solutions:

- Wilshire has been advising its institutional clients on alternatives and recommending hedge fund solutions since 2000.
- Today, Wilshire is able to design solutions utilizing liquid alternative mutual funds for financial advisors thanks to the growing universe of high caliber investment strategies available. These strategies were previously only available to institutional and high net worth investors.

## Portfolio Allocation



|                       | Ticker                                     | Target Alloc. (%) |
|-----------------------|--|-------------------|
| <b>Equity Hedge</b>   | 361 Global Long/Short Equity I             | AGAZX 6.0         |
|                       | Gotham Neutral Instl                       | GONIX 8.0         |
|                       | Robeco Boston Partners Long/Short Research | BPIRX 10.0        |
| <b>Relative Value</b> | JPMorgan Strategic Income Opps Fund Select | JSOSX 12.0        |
|                       | Metropolitan West Unconstrained Bond Fund  | MWCIX 12.0        |
|                       | Guggenheim Macro Opportunities             | GIOIX 12.0        |
| <b>Global Macro</b>   | Virtus Multi-Strategy Target Return        | VMSIX 7.0         |
|                       | AQR Managed Futures Strategy I             | AQMIX 4.0         |
| <b>Event Driven</b>   | Natixis ASG Managed Futures Strategy Y     | ASFYX 6.0         |
|                       | Kellner Merger Instl                       | GAKIX 8.0         |
| <b>Multi Strategy</b> | Blackstone Alternative Multi Strategy I    | BXMIX 13.0        |
| <b>Cash</b>           | Cash                                       | n/a 2.0           |

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## Wilshire Diversified Alternatives Portfolio (Inception Date - May 8, 2009)

|  | Month        | 1Q17        | YTD         | 1 Year      | 3 Year       | 5 Year      | Since Inc   | 3 Year St. Dev.* |
|--|--------------|-------------|-------------|-------------|--------------|-------------|-------------|------------------|
| <b>Wilshire Diversified Alternatives Portfolio</b> | <b>-0.15</b> | <b>1.33</b> | <b>1.33</b> | <b>3.50</b> | <b>-0.35</b> | <b>1.19</b> | <b>1.08</b> | <b>2.67</b>      |
| Primary Benchmark                                  | 0.06         | 1.41        | 1.41        | 3.92        | 0.38         | 1.63        | 2.83        |                  |
|  | -0.21        | -0.09       | -0.09       | -0.42       | -0.73        | -0.44       | -1.74       |                  |

Wilshire Diversified Alternatives Portfolio Primary Benchmark: Wilshire Liquid Alternatives Index.

\* Standard Deviation (St. Dev.): a statistical measurement that sheds light on historical volatility. A higher number indicates a higher degree of volatility, by indicating the return on the investment is deviating from the expected normal returns.

## Important Information

This material is for information purposes only. Wilshire Funds Management (“WFM”) is a business unit of Wilshire Associates Incorporated that uses mathematical and statistical investment processes to allocate assets, select managers and construct portfolios and funds in ways that seek to outperform their specific benchmarks. WFM delivers Wilshire Advisor Solutions, which include models designed to provide a broad range of outcome-oriented investment portfolios for advisors to use with their clients. Past performance does not guarantee future returns, and processes used may not achieve the desired results. All investments involve risk including the potential loss of principal.

Model portfolios are exposed to the specific risks of the underlying funds in direct proportion to their percentage allocation. The funds comprising the models and the allocations to those funds have changed over time and may change in the future.

The models have been maintained in such a way as to record transactions at the same time they occur in actual client accounts in an attempt to approximate client returns as closely as possible. However, there are certain limitations in model performance as the model results may not completely represent the actual trading of securities in a client account. Performance results reflect the deduction of the maximum Strategist Fee of 0.29% that WFM charges for the Wilshire Diversified Alternatives Portfolio. However, actual client results will be lower based on the imposition of platform fees, advisory fees and custodial fees by firms providing this service to end-clients, as well as the payment of certain sales charges or fees an investor may pay to purchase the underlying securities. The results reflect reinvestment of all dividends and interest. Returns for periods longer than one year are annualized.

Alternative investment strategies are speculative, not suitable for all clients, and intended for experienced and sophisticated investors who are willing to bear the high economic risks of the investment.

Investments in equities are subject to market risk so that shares, when redeemed, may be worth more or less than their original cost. Security prices can fluctuate significantly in the short term or over extended periods of time. These price fluctuations may result from factors affecting individual companies, industries, or the securities market as a whole. Investments in small-cap stocks may be subject to a higher degree of market risk than large-cap stocks, or more established companies’ securities. Furthermore, the illiquidity of the small-cap market may adversely affect the value of an investment.

Investments in bonds are subject to interest rate, inflation, credit, currency and sovereign risks. Investments in high-yield bonds are subject to greater credit risk and price fluctuations than higher-quality issues.

Investments in international securities involve additional risks including currency rate fluctuations, political and economic instability, differences in financial reporting standards, and less stringent regulation of securities markets.

Investments in commodities and commodity-index-linked securities may be affected by overall market movements and other factors that affect the value of a particular industry or commodity, such as weather, disease, embargoes, or political and regulatory developments.

Diversification and asset allocation do not guarantee a profit, nor do they protect against loss, including the loss of principal.

### Definitions:

**Standard Deviation:** A statistical measurement shedding light on historical volatility. For example, a volatile stock will have a high standard deviation while the deviation of a more stable stock will be lower.

**Beta:** A measure of volatility or systematic risk, of a security or a portfolio in comparison to the market as a whole. A Beta of 1 indicates that the portfolio’s value will move with the market. A beta of less than 1 means that the portfolio’s value will be less volatile than the market.

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To learn more about these portfolios please have your Financial Advisor contact:

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