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WILSHIRE LIQUID ALTERNATIVE INDEXSM RETURNS 1.68% IN DECEMBER

SANTA MONICA, Calif., January 11, 2021 – The Wilshire Liquid Alternative IndexSM, which provides a representative baseline for how the broad liquid alternative investment category performs, returned 1.68% in December, underperforming the 2.45% monthly return of the HFRX Global Hedge Fund Index. The Wilshire Liquid Alternative Index family aims to deliver precise market measures for the performance of diversified liquid alternative investment strategies implemented through mutual fund structures, backed by a proprietary classification methodology.

“Markets enjoyed a strong finish to 2020 as clarity surrounding the U.S. election and the announcement of two COVID-19 vaccines pushed markets to all-time highs,” said Jason Schwarz, President and Chief Operating Officer of Wilshire.

The Wilshire Liquid Alternative Equity Hedge IndexSM ended the quarter up 5.81%, underperforming its HFRX counterpart’s quarterly return of 7.77%. Equity markets began the fourth quarter down amid concerns of increasing COVID-19 infections and a potential “blue wave” in the U.S. election in November. However, clarity around the U.S. election and the announcement of two COVID-19 vaccines in November propelled markets to all-time highs. December was also a strong month for equity markets. As COVID-19 cases increased globally due to a more virulent strain, dispersion amongst equities rose. This benefited equity long-short managers who were able to pick winners and losers in a choppy market.

The Wilshire Liquid Alternative Event Driven IndexSM ended the quarter up 3.75%, underperforming the HFRX Event Driven Index’s quarterly return of 4.13%. Special situation strategies with exposure to global and Asian fundamental value equities with hard catalysts performed well throughout the quarter. Special situations managers enjoyed their best year since 2013. Merger activity persisted during the fourth quarter as markets continued to rise and spreads tightened. The fourth quarter of 2020 saw a surge in M&A activity across all regions and an increase in deal values. The emergence of SPACs in 2020 further enhanced returns for managers operating within the sector.

The Wilshire Liquid Alternative Global Macro IndexSM ended the quarter up 4.40%, outperforming the HFRX Macro/CTA Index’s quarterly return of 4.18%. Macro managers, particularly trend-following CTAs, experienced a flat-to-negative start to the quarter due to mid-

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October reversals in U.S. equities and choppy markets across currencies and fixed income. Clarity around the U.S. election and positive vaccine news in November triggered longer trends and positive performance as managers who were long equities and commodities began to outperform. This persisted in December, albeit with more dispersion on the long equity side. Managers who were short USD and long energy also benefited in December.

The Wilshire Liquid Alternative Relative Value IndexSM ended the quarter up 3.63%, underperforming the HFRX Relative Value Arbitrage Index's quarterly return of 3.82%. Relative value convertible arbitrage managers benefited from higher market volatility at the beginning of the quarter, continuing to gain momentum as the market backdrop strengthened through November and December. Relative value structured credit managers enjoyed a strong fourth quarter as spreads tightened and the housing market continued to flourish. Underlying data further supported the market's sentiment as underlying consumer data improved.

The Wilshire Liquid Alternative Multi-Strategy IndexSM, which includes both single and multi-manager funds, returned 1.99% in December and 4.47% for the quarter.

About Wilshire

Wilshire is a leading global financial services firm, dedicated to improving outcomes for investors worldwide. An independent firm since its founding in 1972, Wilshire advises on over \$1 trillion in assets and manages \$76 billion in assets. Specializing in innovative investment solutions, consulting services and multi-asset analytics, Wilshire serves more than 500 institutional and intermediary clients worldwide from 10 offices around the globe. For more information about Wilshire, visit www.wilshire.com or follow @WilshireAssoc.

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