



# Wilshire Advisors LLC

## Form ADV Part 2A

Firm Brochure

March 30, 2024

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This **ADV Part 2A brochure** provides information about the qualifications and business practices of Wilshire Advisors LLC, (hereinafter Wilshire®). If you have any questions about the contents of this brochure, please contact Wilshire at: 310 451 3051, or by email: [compliance@wilshire.com](mailto:compliance@wilshire.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC), or by any state securities authority.

Additional information about Wilshire is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Wilshire is an SEC-registered investment adviser. This registration does not imply any level of skill or training.

### Firm Brochure

To receive a complete copy of Wilshire's brochure, without charge, please contact us by telephone: 310 451 3051 or by email: [compliance@wilshire.com](mailto:compliance@wilshire.com).

## Item 2: Material Changes

This section of Wilshire’s Brochure provides investors with a summary of material changes to Wilshire’s business since our last annual update on March 31, 2023.

The material changes to this Brochure from the last annual update are primarily the result of Wilshire’s acquisition of Lyxor Asset Management LLC (formerly “Lyxor Asset Management Inc.”) (“Lyxor”), an SEC-registered investment adviser, on December 4, 2023. On or around March 29, 2024, Lyxor transferred its investment advisory business to Wilshire and Wilshire incorporated Lyxor’s business into Wilshire’s existing business.

Generally, the material changes are designed to reflect changes that resulted from the incorporation of Lyxor’s business into Wilshire’s existing business, including to reflect new clients, fees, and strategies that now form part of Wilshire’s business.

We also updated Item 4’s description of our services, and added a description of our services to Wilshire-sponsored funds that are sub-advised by Trading Advisors (as defined below). In Item 5, we updated the disclosure to reflect new investment minimums for certain clients and enhance our disclosure regarding client expenses and our expense allocation policy. For Item 6, we updated our disclosure regarding our practice of charging performance-based fees and the conflicts of interest that result from management of clients that pay performance-based fees alongside clients that do not pay performance-based fees. We updated Item 8 to add certain risk factors related to specific products and other risk factors to which our clients will be subject. We updated Item 10 to enhance our disclosure regarding certain conflicts of interest and how we address those conflicts of interest. We updated Item 12 to clarify our practices regarding the use of soft dollars and allocation of investment opportunities among clients. Finally, we updated Item 17 to clarify our policy regarding proxy voting, including how we address potential conflicts of interest that result from voting client securities.

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## Item 4: Advisory Business

### Firm Description

Founded in 1972, Wilshire Advisors LLC (“Wilshire” or the “Firm”) is a diversified financial services company registered as an investment adviser in the United States with the Securities and Exchange Commission (“SEC”) under the Investment Advisers Act of 1940, as amended (the “Advisers Act”), providing leading global investment technology, investment consulting and investment management services in conjunction with and through global operating affiliates.

Wilshire is headquartered in Santa Monica, California with over 290 employees in 9 offices. Biographical information on certain key personnel is contained in the supplement to this Brochure.

### Principal Owners

Wilshire is controlled by Monica Holdco (US), Inc. Monica Holdco (US), Inc. is in turn indirectly controlled by CC Monica Holdings, LLC, and Motive Monica LP (together with their respective affiliates, the “Owners”). CC Monica Holdings, LLC is advised by CC Capital, a private investment firm based in New York City. Motive Monica LP is advised by Motive Partners, a specialist private equity firm with offices in New York City and London.

### Types of Advisory Services

Wilshire provides diverse discretionary and non-discretionary investment advisory and management services and products to funds, accounts, investors, and intermediaries. Wilshire has assets under advisement<sup>1</sup> of approximately \$1,431,573,429,875 as of December 31, 2023, including approximately \$121,621,056,705 in assets under management. The amounts disclosed for, and the methodology used to calculate, assets under advisement and assets under management differs from that of our regulatory assets under management disclosed in Part 1A of our Form ADV.

Wilshire assists clients (as described below) in developing and implementing an investment plan, primarily through the provision of three distinct, yet interrelated, services: (i) asset allocation, (ii) manager research, and (iii) portfolio construction. Each of the foregoing services may be provided separately or combined into a comprehensive service. In general, Wilshire does not provide investment management services in the context of managing a portfolio of individual securities or instruments, but instead provides customized allocations and portfolios focused on recommending specific third-party investment managers or investments in pooled investment vehicles advised by such third-party managers.

Wilshire provides discretionary or non-discretionary investment management services to funds, accounts, investors, institutions, and financial intermediaries as follows:

- Wilshire-sponsored funds for which either (i) Wilshire engages third-party investment managers (any third-party investment manager, an “External Manager”) to serve as sub-adviser to manage the investment portfolios, (ii) Wilshire directs fund investments into funds sponsored by third parties (“External Funds”), or (iii) Wilshire offers investors an opportunity to invest in or opt-in/out of specific investment opportunities in External Funds. Such sponsored funds include Wilshire’s private funds, the Wilshire Mutual Funds and Variable Insurance Trusts (VITs), the Wilshire Solutions Funds Trust, the Wilshire Institutional Master Funds, and Wilshire’s Collective Investment Trusts (“CITs”)
- Separately managed accounts comprising direct fund investments into External Funds, allocation to External Managers, or other investment advice with respect to a client’s portfolio of External Funds
- Registered investment companies and External Funds for which Wilshire serves as sub-adviser with discretion over security selection, asset allocation and/or manager selection

<sup>1</sup> Assets under advisement” refer to various consulting and advisory relationships for which Wilshire provides investment advisory services without engaging, on either a discretionary or non-discretionary basis, in the direct management of a client’s portfolio.

- Outsourced Chief Investment Officer (“OCIO”) services where Wilshire has the discretion to hire and terminate investment managers and rebalance portfolio assets
- Model portfolios where Wilshire has discretion over the model
- Wrap programs sponsored by third parties where Wilshire has discretion over security selection, asset allocation and/or manager selection (“Wrap Accounts”)
- Retirement and pension plans where Wilshire has discretion over security selection, asset allocation and/or manager selection
- Delegated consulting where Wilshire has the discretion to adjust the asset allocation of a portfolio to maintain a prescribed risk profile

Wilshire-sponsored funds may also be sub-advised by one or more unaffiliated third-party investment managers to whom Wilshire delegates discretionary trading authority and who sub-advises the fund subject to a trading advisory agreement (“Trading Advisor”). The Trading Advisor will often have broad investment authority over the fund, subject to overall oversight and setting of the investment strategy and guidelines by, and certain rights of, Wilshire.

References to “clients” throughout this Brochure refer to the above-mentioned funds, accounts, investors, institutions and financial intermediaries. Absent a separate advisory relationship with Wilshire, investors in funds, External Funds, and third-party feeder vehicles are not deemed to be Wilshire “clients” under the Advisers Act but are entitled to the rights and benefits described in the applicable disclosure documents, management agreements, limited liability company agreements and other applicable constituent documents.

In providing each of its services, Wilshire takes into account each client’s risk tolerances, return goals, and any legal or regulatory restrictions. Clients are provided with regular reports detailing Wilshire’s assessment. Clients may be given access to Wilshire’s qualitative and quantitative software tools to assist in developing and implementing investment objectives. Services may cover public and/or private markets, depending on client needs. Wilshire is a diversified financial services firm and therefore Wilshire’s products, services, investment approach and advice differ between clients (including discretionary accounts and even where similarly situated) and not all of Wilshire’s products and services are available to all clients. Clients may utilize different classes of the same issuer that have different rights, including, without limitation, with respect to liquidity and fees. Wilshire receives a share of the fees charged to clients of Wrap Accounts, and may benefit from the marketing, computer reporting and client screening services of the Wrap Account sponsors.

## Client Agreements

Prior to the start of any client relationship, Wilshire enters into an agreement with the client. The agreement outlines the terms and conditions of the relationship including a description of the services to be provided by Wilshire, responsibilities of the client, fees and other standard contractual terms. Investment goals, objectives and/or guidelines for each advisory client are documented in each client agreement. Clients may impose restrictions on investing in certain securities or types of securities, or whether Wilshire’s services are provided on an open architecture model (in which Wilshire uses exclusively third-party products to implement the client’s investment plan) or a proprietary products service model (in which, for the strategies and asset classes covered by Wilshire products, Wilshire products will be the only available options). Advisory agreements may not be amended or assigned without client consent, which consent may be provided through negative consent in certain circumstances.

## Non-Investment Advisory Services

### Types of Services

Wilshire has over fifty years of expertise providing investment firms worldwide with multi-asset class solutions for global risk and performance attribution analytics, asset allocation modeling, manager evaluations and peer analysis, and GIPS reporting. Institutions served include central and custodial banks, asset management firms, insurance companies, plan sponsors, mutual fund companies and hedge funds. Our customers benefit from access to comprehensive security data, time-tested models, and flexible reporting capabilities, including data visualization dashboards powered by business intelligence tools such as Microsoft Power BI or Tableau. Robust capability sets such as scenario analysis and portfolio

optimization help clients make better investment decisions and evaluate their impact. Services include Wilshire Compass, Wilshire Trust Universe Comparison Services, Wilshire Axiom, Wilshire Atlas, Wilshire Abacus, and Wilshire iQComposite.

## **Customer Agreements**

Prior to the start of any customer relationship for non-investment advisory services, Wilshire enters into an agreement with the customer. The agreement outlines the terms and conditions of the relationship including a description of the services to be provided by Wilshire, including licenses to utilize Wilshire's analytical tools, responsibilities of the customer, fees and other standard contractual terms.

## Item 5: Fees and Compensation

### Fees Generally

Wilshire's advisory fees differ depending on the size of the client, services provided, complexity of the solution and the relationship established. Fees include i) a fixed fee; ii) a percentage of assets under management or advisement; iii) a performance fee; and iv) a fee based on number of plan participants.

All fees are negotiable. Wilshire, in its sole discretion, reserves the right to waive any minimum fee requirements and/or charge a lesser investment advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.). Wilshire is also permitted to exempt certain investors in the private market funds from payment of all or a portion of management fees or performance-based fees charged by Wilshire, including persons designated by Wilshire as "friends and family," Wilshire's personnel, or other investors meeting certain qualification requirements based on commitment size or other strategic or relationship factors. Wilshire reserves the right to make any such exemption from management fees and/or performance-based fees by a direct exemption, a rebate by Wilshire and/or its affiliates, or through a co-investment or other similar vehicle.

### Fee Billing

Fees are billed or paid out of the client's investment account by the client's custodian on a monthly or quarterly basis. For clients that are billed, payment in full is expected upon receipt of the invoice.

Clients that pay fees out of their investment account must consent in advance to direct debiting of its investment account. When we collect fees in this manner, at the same time we bill the custodian, we will send the client an invoice showing the amount of the fees, the value of the assets on which they are based, and the fee computation. Upon termination, fees are generally billed or refunded, as appropriate, pro rata based on the number of days for which Wilshire provided advisory services during the relevant billing period prior to termination.

### Other Fees and Expenses

Clients typically are expected to incur other fees not associated with Wilshire (e.g., administrative, custodian and/or transaction fees). Clients also incur brokerage commissions, which are discussed in the "Brokerage Practices" section of this Brochure. Expenses other than advisory and performance fees and brokerage commissions, such as custody fees, are generally paid directly by a client to the service provider.

Funds are subject to operating expenses, including, without limitation, advisory fees paid to the investment managers, sub-advisers, and Trading Advisors of the funds. If Wilshire invests a client's assets into a fund (proprietary or non-proprietary), the client will bear a proportionate share of the fees and expenses of the fund in addition to the fees and expenses it pays Wilshire. If Wilshire invests a discretionary client's assets in a fund managed by Wilshire, Wilshire generally will waive a portion of, or all, fees at either the client account or fund level to ensure that the discretionary client is being appropriately charged with respect to the management of those assets.

Where an advisor engages Wilshire to provide index calculation services with respect to an index that the fund tracks or uses as a benchmark, Wilshire's fees for its index services are paid out of the assets of the fund as a fund expense.

### Performance Based Fees

Wilshire charges a performance fee for certain services to its clients qualified to participate in performance fee arrangements under the Advisers Act. These fees are generally charged as a percentage of the profits earned from investments, at times only after a minimum return has been achieved. The pertinent fee agreement provides details about how these fees are charged. Please see Item 6 for more information about performance-based fees.



## Fee Schedule

### Solutions for Institutional Investors

#### *Non-discretionary advisory services*

Wilshire typically charges an annual fixed retainer fee between \$35,000 and \$4 million for general non-discretionary advisory services.

#### *Discretionary advisory services*

Wilshire typically charges from 5 to 65 basis points on assets under management for general discretionary advisory services.

#### *Life-cycle or targeted retirement date investment programs*

Wilshire typically charges from 5 to 25 basis points on assets under management for life-cycle or targeted retirement date investment programs.

#### *Risk Management*

Wilshire typically charges an annual fixed fee between \$250,000 and \$3 million for full-service risk management consulting that delivers the risk measurement and monitoring tools required to implement a risk management program.

#### *Investment Management*

Wilshire serves as the investment manager to the Wilshire Solutions Funds Trust ("WST"), a pooled investment vehicle consisting of a series of funds. WST is a commingled investment platform offered to clients who seek a pre-packaged solution to access Wilshire's discretionary services. A complete description can be found in WST's offering documents. For serving as investment manager to the WST, Wilshire charges a fee on assets under management as agreed to between Wilshire and the investor, subject to a minimum annual fee of \$100,000 per investor. The minimum fee may be waived at Wilshire's sole discretion.

#### *Wilshire Compass*

Wilshire charges a fixed retainer fee annually for Wilshire Compass. Additional costs may be incurred, depending on the number of users to be supported at each client site and/or on other factors.

### Private Fund Solutions

#### *Separate account management*

Wilshire generally charges a management fee of between 50 and 100 basis points on committed or invested capital for separate accounts. Certain additional services may also be contracted and charged on a fee-for-service basis. The minimum capital commitment under management for a separate account is \$25 million, which may be reduced at Wilshire's sole discretion.

#### *Commingled funds (including funds of funds)*

Wilshire serves as the investment manager or sub-adviser to pooled investment vehicles, including funds registered under the Investment Company Act of 1940 (the "40 Act"). Limited partners and investors of the commingled funds pay a management fee based on the value of committed capital or invested capital and typically pay a performance fee. Fees vary and are disclosed in the offering documents for each investment vehicle. Commingled private vehicles typically require a minimum investment of between \$100,000 and \$5 million. Funds registered under the 40 Act may have lower or higher investment minimums and may offer limited liquidity and trade at a net asset value.

#### *Funds of one*

Wilshire serves as the investment manager or sub-adviser to investment vehicles that have one limited partner or investor. The limited partner or investor of the funds of one pays a management fee based on the value of committed capital or invested capital and typically pays a performance fee. Fees vary and are disclosed in the offering documents for each investment vehicle.

### *Non-discretionary advisory services*

Wilshire may charge a project-based fee, an annual fixed retainer fee or a fee based on a percentage of assets under management for non-discretionary advisory services.

### *Trading Advisors*

Funds or accounts that are sub-advised by a Trading Advisor are charged advisory fees (calculated as a percentage of assets) and, if applicable, performance fees (generally calculated as a percentage of any new capital appreciation on assets) that are payable in full to the respective Trading Advisor. With respect to one fund that is sub-advised by a Trading Advisor, instead of advisory fees and performance fees being paid in full to such fund's Trading Advisor, such fees will be shared among the Trading Advisor, Wilshire, and certain third-parties that provide services to such fund.

### *Expenses*

Expenses, to the extent allocable, are allocated consistent with the fiduciary obligations of Wilshire and in a way that is fair and equitable to each client over time consistent with Wilshire's expense allocation policy. Generally, Wilshire seeks to allocate expenses in accordance with the applicable investment management agreement, disclosure document, governing document, or similar agreement with a client. Certain expenses are allocable to a single client (or, in the case of a fund with multiple share classes, a single share class within such fund), allocable to multiple clients or allocable between Wilshire and one or more clients. Fee and expense terms will vary among clients.

Expenses incurred in establishing and managing private market funds (i.e., commingled funds, funds of funds and funds with one or more Trading Advisors) will typically be borne by the fund, in accordance with its limited partnership agreement or other similar agreement, and disclosure and subscription documentation. Funds are typically subject to, and charged, expenses related to the organization and operation of the fund.

As further described in a fund's governing documents, organizational expenses generally include, without limitation, printing, legal, capital raising, accounting, travel (including all air travel, car services, other modes of transportation, meals and lodging), registration, compliance and any administrative or other filings and other organizational expenses (including the preparation of any documents related to any of the foregoing and out-of-pocket costs and expenses incurred by placement agents, finders or other persons performing similar services in connection with the foregoing)

In addition to the management fee, performance fee and organizational expenses, a fund also will generally pay, or reimburse Wilshire (or an affiliate thereof) for, all other fees, costs, expenses, liabilities and obligations (referred to collectively in this section as "costs") relating to the fund's and/or its subsidiaries' and/or intermediate entities' (as applicable) operations, investment activities (including the investigation, proposed acquisition, acquisition, management, proposed disposition and disposition of its investments and proposed investments, whether or not actually acquired) and its liquidation, including, without limitation, all costs relating or attributable to:

- activities with respect to structuring, organizing, acquiring, bidding on, negotiating, diligencing, consummating, evaluating, bidding-on, financing, refinancing, managing, operating, hedging, monitoring, valuing, winding up, liquidating, dissolving, restructuring, recapitalizing, trading, selling, or otherwise disposing of the fund's actual and potential investments (including follow-on investments and other transactions involving the deployment of fund capital) or seeking to do any of the foregoing (including any associated legal, financing, banking, commitment, transaction or other costs payable to attorneys, accountants, tax professionals, investment bankers, lenders, financing sources, third-party due diligence providers, software and service providers (including certain subscriptions to databases and/or research services), advisors, consultants, data providers and similar professionals in connection therewith and any costs related to transactions that may have been offered to co-investors), whether or not any contemplated transaction or project is consummated and whether or not such activities are successful;
- indebtedness of, or guarantees made by, a fund, Wilshire (or any affiliate thereof) or any "affiliated partner" on behalf of the fund and any fund entity and involving any investment, including interest with respect thereto, or evaluating, negotiating or seeking to put in place any such indebtedness or guarantee;
- all legal (including the fees and charges of outside counsel), regulatory, compliance (including ongoing filing and registration fees charged by regulators and any fees, costs and expenses incurred in complying with disclosure, third-party reporting and other similar obligations, including legal and regulatory filings of Wilshire and/ or its

affiliates relating to a fund and its activities, such as Form PF and other reports, disclosure and filings made to regulatory authorities and compliance obligations arising from the AIFMD) and administrative costs;

- accounting, technology, auditing, investment banking, consulting (including expenses incurred in connection with hiring consultants (e.g., headhunter fees, background checks or relocation expenses)), research, due diligence, appraisal, reporting, administration (including costs associated with compliance with any anti-money laundering laws and regulations and any third-party administrator and administration, tracking or reporting software of the fund), transaction, expert networks, valuation (including third-party valuations, fairness opinion, information, advisory, insurance (including premiums and expenses and any consultants or other advisors utilized in the procurement, review, maintenance and analysis of insurance policies)), depositary, transfer and registration fees and expenses, brokerage and finders' fees and commissions, record keeping, and tax and other professional services;
- travel (including air travel, car or ride sharing services, other modes of transportation, meals, lodging and entertainment), other lodging, meals or entertainment relating to any of the foregoing, including in connection with any investment, disposition or identified but unconsummated investment opportunities;
- the preparation, distribution or filing of financial statements or other reports, tax returns, tax estimates, Schedules K-1 or similar forms or other communications with limited partners, or any other administrative, compliance, regulatory or other reporting or filing directly attributable to the fund, including, without limitation, with respect to any tax or financial account reporting regime, the Foreign Account Tax Compliance Act, the Organization for Economic Co-operation and Development Standard for Automatic Exchange of Financial Account Information - Common Reporting Standard and any similar laws, rules and regulations, and including costs of any third-party service providers and professionals related to the foregoing;
- indemnification obligations (including legal and any other costs incurred in connection with indemnifying any investor or other person or entity pursuant to a fund's governing documentation or otherwise and advancing costs incurred by any such person or entity in defense or settlement of any claim that may be subject to a right of indemnification pursuant to a fund's governing documentation);
- actual, threatened or otherwise anticipated governmental inquiry, examination, investigation, proceeding, litigation, mediation, arbitration or other dispute resolution process involving the fund and/or its subsidiaries or portfolio companies, including the costs of any discovery related thereto and the amount of any judgment, fine, other award or settlement entered into in connection therewith, except to the extent such expenses or amounts have been determined to be excluded from the indemnification provided for in a fund's governing documentation;
- any annual limited partner meeting or other periodic, if any, meetings of the limited partners and any other conference, meeting, webcast or other video conference with any limited partner(s);
- any taxes, fees or other governmental charges levied against a fund (except to the extent that such fund is reimbursed therefor by a partner) and all costs of or related to the "partnership representative" of a fund and/or costs incurred in connection with any tax audit, inquiry, investigation, settlement or review of a fund, but excluding any such expenses directly and solely incurred as a result of any proposed or assessed adjustment or deficiency that arises in respect of any reduction to any management fee in connection with any waiver thereof by Wilshire (or an affiliate thereof) (as described in a fund's governing documentation);
- except as otherwise determined by Wilshire in its sole discretion, any cost relating to any "alternative investment vehicle" or other fund entity (including its formation, operation, termination, dissolution, winding up, liquidation, structuring and restructuring) or its activities, business, portfolio companies or actual or potential investments (to the extent not borne or reimbursed by a portfolio company of such alternative investment vehicle) that would be a fund expense if it were incurred in connection with such fund, any expenses incurred in connection with the formation, management, operation, termination, winding up and dissolution of any feeder vehicles related to a fund to the extent not paid by the investors investing in such entities and any other costs and expenses related to any past or anticipated structuring or restructuring of such fund and/or its subsidiaries or affiliated entities;
- any activities with respect to protecting the confidential or non-public nature of any information or data, including confidential information (including any costs and expenses incurred in connection with the General Data Protection

Regulation (EU 2016/679) (as amended) and the Freedom of Information Act ("FOIA"), any state public records access laws, any U.S. state or other jurisdiction's laws similar in intent or effect to FOIA or any other similar statutory or regulatory requirement that might result in the public disclosure of confidential information);

- the termination, liquidation, winding up, structuring, restructuring or dissolution of a fund and any legal entities owned directly or indirectly by a fund, including portfolio companies and related entities;
- defaults by investors in the payment or timely payment of any capital contributions and unreimbursed costs and expenses incurred in connection with any transfer or proposed transfer by a limited partner or any limited partner's name change, internal restructuring or change in trust, registered agent or custodian;
- amendments to, and waivers, consents or approvals pursuant to, the constituent documents of a fund, a general partner, certain designated affiliates thereof, any entities owned directly or indirectly by a fund and any alternative investment vehicle of a fund, including the preparation, distribution and implementation thereof;
- making distributions to the partners;
- any of the items listed above relating to any investment, transaction, project or other opportunity not consummated or otherwise not successful and/or that may have been offered to co-investors (including such co-investors' share of any expenses related to an investment or other opportunity not consummated); and
- legal counsel, consultants and/or other service providers engaged to procure, develop, establish, review, revise, customize and/or negotiate relationships relating to the foregoing items.

Each fund of funds also bears its share of the organizational, operating and other fees applicable to the External Fund(s) in which it invests. Private market fund expenses generally do not include the overhead expenses of Wilshire or its affiliates, including office space, utilities or personnel expenses. Separate accounts, funds of one and other similar accounts that invest alongside (or in similar assets as) a private fund typically will bear fees similar to those described above, although any such fees are subject to the governing documentation of the applicable fund or account.

Certain expenses may be incurred on behalf of multiple clients. In the event that Wilshire determines that an expense should be allocated between or among multiple clients, such expense will be shared by the clients in accordance with Wilshire's expense allocation policy. In seeking to allocate among multiple clients, Wilshire may allocate expenses (i) pro rata based on net value of client assets, (ii) pro rata based on relative utilization, (iii) pro rata based on a client's share of an underlying investment, (iv) pro rata based on the number of applicable clients, or (v) another equitable method intended to reflect the relative benefit an expense represents to a client.

Advantages and services resulting from expenses paid by Wilshire's funds will sometimes benefit Wilshire and other Wilshire clients. For example, funds will pay the expenses of background checks on fund managers of the funds in which Wilshire may invest another client's assets. Wilshire's advisory clients will be provided the background checks upon request and benefit from the knowledge gained by Wilshire in reviewing those background checks without necessarily sharing in the expense.

### **Solutions for Financial Intermediaries**

Wilshire charges both fixed retainer and asset-based fees for advisory services. Fixed retainer fees typically range from \$100,000 to \$5 million, depending upon the type of advisory services provided. Wilshire's asset-based fees typically range from 5 to 50 basis points for multi-asset advisory services, offered either under a non-discretionary or discretionary mandate. Fees for custom hedge fund of fund strategies, including risk premia, range from 10 to 120 basis points and in certain instances includes a performance fee of up to 20%. Fees charged for access to hedge fund strategies on the Wilshire Managed Account Platform range from 25 to 75 basis points. Wilshire shares with Asset Management One USA Inc. ("AMO") a percentage of its revenues derived from Bank Risk Premia Strategies utilized on the Wilshire Institutional Master Fund II SPC. Wilshire and AMO share a percentage of revenues from products or advisory engagements derived from the use of the joint intellectual property contained in a shared database of investable risk premia index products that are offered by banks.

Fees charged for the management of Wilshire Mutual Funds, Inc. and Wilshire Variable Insurance Trust vary by fund and range from 10 to 60 basis points. Details can be found in each fund's Prospectus and Statement of Additional Information. Fees charged for Wilshire Managed Portfolios range from 15-50 bps. Generally, the portfolios that include Wilshire Mutual Funds have a zero-fee option.

## **Analytics**

### *Wilshire Analytics*

Wilshire typically charges a fixed retainer fee depending on the number of users to be supported at each client site and/or on other factors.

## **Custom Services**

Wilshire will provide specified services for special projects upon request. In such cases, Wilshire provides the prospective client with a proposal letter that outlines the scope of the project and the applicable fee. Generally, such projects are of short duration and fees are payable as agreed upon with the client.

## Item 6: Performance-Based Fees and Side-By-Side Management

As discussed above, Wilshire charges performance-based fees to certain “qualified clients” (as defined in Rule 205-3 under the Advisers Act) depending upon the terms and conditions of the advisory agreement with the client. In the event that Wilshire receives performance-based fees, the fact that we are compensated based on trading profits creates an incentive for us to recommend private funds or other investment opportunities that are riskier or more speculative than would be the case in the absence of such compensation. In addition, as further described in the governing documents of a private fund or other applicable client account, some performance-based fees are based both on realized and unrealized gains. As a result, certain performance-based fees received are in certain cases based on unrealized gains that a client never realizes. In addition, Wilshire has an incentive to recommend private funds or other investment opportunities, as applicable, to clients that are subject to performance-based fees payable to Wilshire over other clients who are not subject to performance-based fees payable to Wilshire. Wilshire maintains policies and procedures regarding investment allocations, and seeks to allocate investment opportunities in accordance with such policies and in a manner that does not result in preferential allocations for clients subject to performance-based fees.

## Item 7: Types of Clients

Wilshire provides investment advisory services to funds, accounts, investors, institutions and financial intermediaries. We provide advisory services primarily to institutional investors such as pension and profit-sharing plans, trusts, estates, charitable organizations and corporations. We also provide services to retirement plans, individual retirement investors and retail investors through financial intermediaries such as recordkeepers, broker-dealers, investment advisers and insurance companies. Wilshire provides investment services to U.S. or foreign government entities, state or municipal government entities, public international organizations, investment limited partnerships, and other types of investment vehicles.

Client relationships vary in scope and length of service. Minimum account size varies across products. The minimum account size for institutions will range from no minimum, although Wilshire reserves the right to reject any institutional investor account, to \$50,000,000, and for retail investors will vary with Wilshire's relationship with the financial intermediary.

Wilshire provides non-advisory services to institutional investors and asset managers.

## Item 8: Methods of Analysis, Investment Strategies and Risk of Loss

### Methods of Analysis

Since 1972, Wilshire has pioneered analytical-driven investment consulting and asset management solutions to manage risk. Wilshire was an early innovator of integrated asset/liability modeling, as well as risk management and portfolio optimization models to help plan sponsors and institutional investors arrive at optimal portfolios based on their specific needs. Industry research and our experience lead us to believe that the asset allocation decision has the greatest impact on a portfolio's long-term return and risk profile. Wilshire embraced this important concept over 40 years ago when the Firm introduced its integrated asset/liability modeling technique to the industry.

The investment strategy for a specific client is based upon the objectives stated by the client during consultations and as mutually agreed through an investment policy statement. Wilshire has 40 years of experience in assisting clients to develop investment policies, procedures, and guidelines. Investment policy and guidelines are integral to all aspects of Wilshire's investment advisory services.

For those clients for which Wilshire has investment discretion, Wilshire primarily (i) selects asset managers as sub-advisers or Trading Advisors to whom Wilshire delegates day-to-day portfolio management, (ii) invests in External Funds, and (iii) invests directly, or through third-party co-investment opportunities, in securities or derivatives. These investment managers, Trading Advisors, or funds execute diverse types of investment strategies. Wilshire's selection and monitoring of investment managers, Trading Advisors, and External Funds is based on various criteria, including, without limitation, investment performance, risk management, investment philosophy, organizational structure, experience and education of key personnel, legal and compliance infrastructure, information technology, operational capabilities, portfolio composition, information obtained through personal interviews and literature, and political, market, and economic factors. In addition, Wilshire may identify External Funds, External Managers, and Trading Advisors through our staff's professional networks, various industry channels, including, without limitation, vendor databases, attendance at capital introduction conferences, Bloomberg lists, hedge fund alerts, and discussions with industry participants.

Trading Advisors, to whom we delegate discretionary trading for certain funds or accounts, typically utilize one or more alternative investment strategies. These strategies include, without limitation, long/short equities, long/short credit, distressed securities, market neutral, commodities trading, managed futures, event driven and global macro (including emerging market equities, rates, fixed income and currencies). The Trading Advisors implement their investment strategies through a variety of methods, including, without limitation, by investing in securities, commodities, derivatives, and other instruments.

Wilshire also engages in quantitative, rules-based investment analytics, which are used in a variety of applications including monitoring broker-dealers' investment platforms and selecting securities for investment portfolios.

### Risk of Loss

All investment programs have certain risks that are borne by the investor. Wilshire's investment approach seeks to mitigate risk and ensure clients are compensated for the risk they take. The risk for each client varies in accordance with their policies, procedures, goals, guidelines and stated risk tolerance. Investing in securities involves risk of loss and other risks that clients should be prepared to bear. Past performance is not necessarily indicative of future results. Clients should be aware that investing entails risks that may be applicable to a particular investment product. All investors are urged to review, if applicable, the investment product's offering materials and the risk disclosures found therein in addition to the risks noted below.

All of Wilshire's clients will encounter risks, including, but not limited to:

**Investment Objective Risk:** No assurance can be given that a client will achieve its overall investment objectives. There can be no assurance that Wilshire will be able to recommend investments to a client in a manner that is profitable, and there is no guarantee against loss of client assets. Any client may lose some or all of its investments.



**Reliance on Third Parties:** The success of a client's account is dependent on the judgment and abilities of Wilshire managing investments for the client's account and, where applicable, in selecting and monitoring the performance of External Managers, External Funds, Trading Advisors, and co-investment opportunities, and on the ability of these managers to generate positive performance. Clients usually do not have the opportunity to evaluate fully the relevant economic, financial, and other information regarding their account's investments. Clients are dependent on the judgment and abilities of Wilshire and other External Managers. There is no assurance that Wilshire or External Managers, or the investments or funds recommended or advised by such parties, will be successful.

Although our officers, key employees, consultants, and principals will devote as much of their time to clients as is necessary or appropriate, they will not devote substantially all of their time to any one client as they must devote a portion of their time to other clients and investments. The loss of the services of one or more of these employees, principals, or consultants may have a material adverse effect on our ability to provide certain services to the clients.

**Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying value or the company's circumstances. For example, political, economic, and social conditions may trigger market events. Events that once had only local impact are now more likely to have regional or even global effects. Events that occur in one country, region, or financial market will, more frequently, adversely cause impacts in other countries, regions, or markets. These impacts can be exacerbated by failures of governments and societies to adequately respond to an emerging event or threat. Clients will be negatively impacted if the value of their investments decreases as a result of such events. These events may adversely impact the operations and effectiveness of Wilshire or an External Manager, or a key service provider of the foregoing, or disrupt systems and processes necessary or beneficial to the management of a client's account. Furthermore, Trading Advisors, and External Managers, and the service providers on which they and Wilshire rely upon, are located throughout the globe and may be impacted by certain events isolated to their location, in which case such events can nevertheless materially and adversely affect a client's financial condition and investments.

**Lack of Diversification:** A Client's account might not be diversified, and, in particular, may have periods where it is invested in none, one, or only a few investments or investment strategies. In addition, the investments in which a client's account is invested might not be diversified and, instead, may be concentrated in one or a small number of markets, sectors, strategies, currencies, instruments, jurisdictions or issuers. Concentration of risk generally makes an account more susceptible to fluctuations in value resulting from adverse economic or business conditions affecting that particular market, sector, currency, instrument, jurisdiction or issuer, and could expose the account to losses disproportionate to those that it might have incurred if the account maintained a greater level of diversification. Trading Advisors and External Managers will not coordinate their investment strategies with each other and at times may take positions which are the same as, or opposite from, positions taken by the other, or other advisers and managers to which a client may have exposure. Doing so may cause concentration of investments for a client, cancelling out of positions between funds in which such client is invested, and/or additional fees and expenses to be borne by such client without any marginal benefit.

**Interest Rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. As interest rates rise, the market value of fixed income instruments tends to decrease. Conversely, as interest rates fall, the market value of fixed income instruments tends to increase. This risk will be greater for long-term securities than for short-term securities. We may (depending on the investment objectives and restrictions applicable to a client) attempt to minimize the exposure of the client to interest rate changes through the use of interest rate swaps, interest rate futures and/or interest rate options. However, there can be no guarantee that we, or a Trading Advisor or External Manager, will do so or that we or they will be successful in fully mitigating the impact of interest rate changes on the portfolios.

**Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.

**Currency Risk:** Foreign investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies and political developments.

**Reinvestment Risk:** Future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e., interest rate). This risk primarily relates to fixed income securities.

**Speculative Investments and Volatility:** Investments in funds managed by Wilshire, Trading Advisors, and External Managers are highly speculative and may be highly volatile. There are significant restrictions on transferability and redemption of shares/interests in certain investments. Some investments may have limited or no trading and operating history. Wilshire, Trading Advisors, and External Managers may use investment strategies and financial instruments that, while affording the opportunity to generate positive returns, also provide the opportunity for increased volatility and significant risk of loss.

**Industry Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil companies are subject to the vagaries of both broadly fluctuating demand, and accordingly, prices for their product. They carry a higher degree of risk of loss in comparison to an electric company, which has a more predictable demand for its product at a regulated price.

**Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not, given the lengthy process to sell real estate. It is possible that a client's portfolio may become less liquid or illiquid over time. In such an event, the client may hold investments for which no (or only a limited) liquid market exists and that lack a readily assessable market value or are otherwise not subject to objective valuation. The market prices, if any, for such investments tend to be volatile, and will fluctuate due to a variety of factors that are inherently difficult to predict and may not exist. We or an External Fund may not be able to readily dispose of less liquid or illiquid investments and there can be no assurance that Wilshire or an External Fund will be able to realize what the Wilshire, a Trading Advisor or External Manager believes to be the fair value of the instruments in the event of a sale. Accordingly, the ability to respond to market movements may be impaired and a client may experience adverse price movements upon liquidation of such investments. Settlement of transactions may be subject to delay and administrative uncertainties. In addition, in times of extreme market disruption, there may be no market at all for one or more instruments, potentially resulting in the inability to dispose of investments for an indefinite period of time.

**Financial Risk:** Financial risk represents a broad spectrum of risk associated with a company's financings, including loans and the risk of default.

**High Portfolio Turnover:** A client's investment program may involve frequent trading, which may result in higher investment costs and charges to the client.

**Business Risk:** Wilshire's business structure and model may represent and introduce risk to the client. Risks of conflicts of interest are as described above. In some instances, obligations (i.e., contractual, regulatory, or legal) can require Wilshire to impose restrictive limits on or alter business activity and services; including providing advice, transacting in securities, or engaging in other investment activities for clients or proprietary accounts. For example, in instances in which all of Wilshire is subjected to a NDA, restrictions will be imposed by that NDA on various activities, as required by the NDA or detailed in Wilshire's NDA policy, Compliance Manual and Code of Ethics.

**Cybersecurity Risk:** Wilshire's operations include "cybersecurity" risks. These risks include both intentional and unintentional events at Wilshire or by or through one of its third-party counterparties or service providers, that may result in the exposure, loss, or corruption of data (including private, proprietary, or confidential information), which could be misused or compromise our Firm's ability to conduct its business. This could include a third-party obtaining unauthorized access to our personnel or clients' information, including personally identifiable information ("PII"), account numbers, account balances, and account holdings. Information technology and data management systems can fail or be subject to interruption or destruction caused by natural or man-made occurrences, such as extreme weather, fires, earthquakes, power loss, telecommunications failures, terrorist attacks, hacking, break-ins, sabotage, intentional acts of destruction, vandalism, or similar events or misconduct. Any failure, interruption, or destruction of information technology systems or data could have a material adverse impact on clients.

Our Firm has established cybersecurity defenses, business continuity plans and risk management systems designed to reduce the risks associated with cybersecurity breaches, which are built around industry-standard controls and best practices. However, there are inherent limitations in these plans and systems, including that certain risks may not be known or have been identified, unknown threats may emerge in the future; and because Wilshire does not directly control the cybersecurity systems of third-party service providers. There is also a risk that cybersecurity breaches may not be detected.

In connection with Wilshire's acquisition of Lyxor, Lyxor engaged in a process of migrating its information technology and data infrastructure to Wilshire. This migration creates increased risk with respect to the Wilshire's ability to function as it

would under normal circumstances with respect to certain clients, including the heightened risk of technological failures with respect to systems and processes (whether proprietary or provided by third-party vendors) supporting Wilshire's activities. Wilshire has taken, and will take, steps to mitigate these risks, however, there is no guarantee that such migration will not impact or disrupt Wilshire's business operations.

**Epidemics and Pandemics:** Many countries have been susceptible to epidemics, such as severe acute respiratory syndrome, avian flu, H1N1/09 flu and COVID-19. The epidemic or pandemic outbreak of an infectious disease in a country or region of the world or globally, together with any resulting restrictions on travel, transportation or production of goods or quarantines imposed, could have a negative impact on the national, regional or global economy and business activity in any of the geographic regions in which a client's investments have exposure and thereby could adversely affect the performance of such client's investments. In addition, any future outbreak of an infectious disease or any other serious public health concern may lead to additional volatility and/or illiquidity of a client's investments. An outbreak may cause Wilshire to implement its business continuity plan. While operating under a business continuity plan, interruptions in normal business activity of Wilshire could negatively affect the performance of a client's investments. For example, the imposition of travel restrictions during this time can impact the ability of Wilshire's personnel to travel in connection with due diligence of existing or potential Trading Advisors or External Managers, and may similarly impact the ability of our professionals to travel to conduct research and diligence on existing or prospective investments, which could negatively impact our ability to operate and effectively identify, monitor, and buy/sell investments.

**Enhanced Scrutiny and Potential Regulation of the Alternative Asset Management Industry:** The private market funds' ability to achieve their investment objectives, as well as the ability of such funds to conduct their operations, is based on laws and regulations which are subject to change through legislative, judicial, or administrative action. Future legislative, judicial, or administrative action could adversely affect such funds' ability to achieve their investment objectives, as well as the ability of the Funds to conduct their operations. There continues to be significant legislative and regulatory developments affecting the regulation of the alternative asset management industry. As private investment firms and other alternative asset managers become more influential participants in the U.S. and global financial markets and the economy generally, the private fund industry has recently been subject to criticism by some politicians, regulators, and market commentators. Various federal, state, and local agencies have been examining the role of placement agents, finders, and other similar private fund service providers in the context of investments by public pension plans and other similar entities, including investigations and requests for information. Furthermore, elements of organized labor and other representatives of labor unions have, from time to time, directed opposition efforts towards a campaign targeting alternative asset management firms on a variety of matters of interest to organized labor, including with respect to affording favorable treatment or significant deference to organized labor and labor unions in dealings with investments. There can be no assurance that the foregoing will not have an adverse impact on Wilshire or its private market funds.

The SEC has indicated that it intends to seek to enact changes to numerous areas of law and regulations that would impact the business of Wilshire and such funds. In particular, the SEC has signaled an increased emphasis on investment adviser and private fund regulation. On August 23, 2023, the SEC adopted previously proposed new rules and amendments to existing rules (collectively, the "Private Fund Rules") under the Advisers Act specifically related to advisers of private funds. The Private Fund Rules will impose new and substantial requirements on advisers and the funds they advise, including with respect to quarterly reporting, restricted activities, preferential treatment of investors, audit requirements, adviser-led secondaries, and annual compliance reviews. The Private Fund Rules, in addition to any other new rules adopted by the SEC, are expected to affect the business of Wilshire and its affiliates, its private market funds, and/or their investments by, for example, increasing compliance burdens and costs, requiring additional time and attention of Wilshire personnel, and potentially resulting in other associated cost increases, including without limitation, insurance expenses. The Private Fund Rules also are expected to represent an area of increased risk of exposure for additional regulatory scrutiny, litigation, censure, and penalties for noncompliance or perceived noncompliance. In addition, under the Private Fund Rules, Wilshire will become subject to a requirement to disclose preferential treatment terms, including provisions agreed to in side letters. The side letter disclosure requirements and restrictions may ultimately influence Wilshire's decisions with respect to agreeing to certain preferential rights. As with any new rulemaking, Wilshire's implementation and compliance with such rules will entail subjective judgments regarding the application thereof to its business. Any such determinations may be subject to revision in the event of clarifying guidance from the SEC, changes to the Private Fund Rules as a result of litigation, and/or other regulatory updates or developments. Additionally, because Wilshire's private market funds are funds of funds

or utilize Trading Advisors, investors in such funds also will be subject to the foregoing risks, costs and considerations relating to the implementation and compliance efforts of the sponsors to such underlying private funds and Trading Advisors.

In addition to the Private Fund Rules, the SEC has proposed various other rule changes (e.g., rules relating to cybersecurity, the use of predictive data analytics, and the safeguarding or custody of client assets, among others) that have the potential to affect Wilshire, its private market funds, and advisory business. Significant time and resources may be required to comply with any new regulations, which potentially will detract from the time and resources that Wilshire is able to dedicate to its clients and their investments. Certain changes, if adopted as proposed, could also result in required changes to longstanding commercial practices or arrangements, all of which have the potential to be disruptive to the business of Wilshire and its affiliates and other similarly situated private funds sponsors.

**Indemnification; Exculpation:** A private market fund’s governing documentation will typically limit the circumstances under which Wilshire and/or its affiliates or any persons associated with the foregoing (as described or disclosed in a fund’s governing documentation) and any successors or assigns of any of the foregoing can be held liable to a fund and/or its limited partners. As a result, limited partners may have a more limited right of action in certain cases than they would have in the absence of such a limitation. The persons identified above generally will not be liable to a fund or the limited partners except with respect to certain enumerated conduct set forth in the governing documentation of a fund, including gross negligence, willful misconduct or fraud. In addition, a fund will indemnify the foregoing persons with respect to any losses or damages incurred in connection with their services to a fund, except with respect to certain enumerated conduct set forth in the governing documents including fraud, gross negligence or willful misconduct. Notwithstanding any such provisions in the governing documents of a fund, nothing therein is intended, nor will be construed, as a waiver of any federal fiduciary duty of Wilshire (including, for example, Wilshire’s fiduciary duty to a client under the Advisers Act) or its affiliates that is not permitted to be contractually waived.

**Separate Agreements with Limited Partners:** Wilshire and its affiliates, in their sole discretion and subject to applicable law and Wilshire policies, reserve the right to enter into agreements that alter or supplement a limited partner’s economic, legal or other rights and obligations with respect to such limited partner’s investment in a private fund (commonly referred to as “side letters”). Such agreements are expected to alter various terms with respect to applicable investors, including: (i) different compensation arrangements with limited partners, which may be implemented through, among other mechanisms, rebates; (ii) the ability of certain limited partners to provide selected confidential information to regulators; (iii) certain limited partners receiving information not ordinarily received by limited partners generally; (iv) agreements to waive or reimburse limited partners for indemnification payments payable by limited partners in relation to their investment in a fund; (v) agreements to provide information regarding certain events relating to a fund, its investments, Wilshire, and/or its affiliates; (vi) agreements to permit certain transfers of interests in a Fund; (vii) modifications to a limited partner’s subscription agreement; (viii) representations and warranties by a Fund, Wilshire, and/or its affiliates; (ix) rights to co-invest with a fund with respect to certain investment opportunities, if applicable; and (x) excusing certain limited partners from participation in certain investments under limited circumstances. As a result, the terms and conditions of the limited partners’ investments in a fund will differ depending on side letter agreements.

### **Additional Risks**

In addition to the foregoing risks applicable to all clients, the risks set forth below are with respect to the investment strategies of one or more clients. These risks are not a complete explanation of every risk that a client may have with respect to its investments. We urge clients to carefully review the offering documents for an investment product for a description of the strategy, business and other risks specific to the investment product.

**Equities:** A client may invest a portion of its assets in, or have exposure to, equity securities. Many factors could adversely impact the value of equity securities and cause the client to suffer losses. Among the factors that may affect the value of equity securities are: developments with respect to a particular issuer; changes within a particular industry or geographic region; social, economic and political uncertainty; terrorism and related geopolitical events and other circumstances that are out of the control of Wilshire or the client. Different types of equity securities may be impacted differently by the occurrence of such events. For example, large cap stocks can react differently from small cap stocks, and “growth” stocks can react differently from “value” stocks. These events may cause both short-term market volatility and long-term effects on markets generally.

**Futures and Options Trading:** A client may engage in, or have exposure to, futures and options trading. Futures and options trading is risky and may be volatile. Such volatility may lead to substantial risks which may be larger than in the case of equity or fixed-income investments. In addition, price movements for futures are influenced by, among other things: changing supply and demand relationships; weather; agricultural, trade, fiscal, monetary, and exchange control programs and policies of governments; macro political and economic events and policies; changes in national and international interest rates and rates of inflation; currency devaluations and revaluations; and emotions of other market participants. None of these factors can be controlled by the client Wilshire, or an External Manager, and no assurance can be given that Wilshire's advice will result in profitable trades for the client or that the client will not incur substantial losses.

**Forward Trading:** A client may enter into, or have exposure to, forward contracts. A forward contract is a contractual obligation to buy or sell a specified quantity of a commodity at or before a specified date in the future at a specified price and, therefore, is similar to a futures contract, but generally is unregulated. Forward contracts and options thereon are not traded on exchanges and are not standardized; rather banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. There is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain commodities or have quoted prices with an unusually widespread between the price at which they were prepared to buy and that at which they were prepared to sell. In addition, because forward contracts are not traded on an exchange, a client's account will be subject to the risk of counterparty and systemic defaults.

**Use of Leverage:** A client may use, or have exposure to, leverage as a part of its strategy. Leverage may involve borrowing assets to increase investment exposure. In addition, a client may invest in or have exposure to derivatives which are inherently leveraged. Leverage increases the exposure that the client has to a specific instrument or instruments and, should the value of that instrument move in a direction adverse to the client, will result in greater losses than would otherwise have been the case had the client not used or been exposed to leverage. In addition, the client will directly or indirectly pay for any leverage it uses or is exposed to and, therefore, if the investment fails to earn a return that equals or exceeds the client's cost of leverage, the relevant position will result in a loss to the client.

**Distressed Securities:** A client may invest in, or have exposure to, distressed securities, including loans, bonds and notes of companies that are in financial distress and/or that are in, or about to enter, bankruptcy as well as distressed sovereign debt obligations. Many distressed securities are not publicly traded and may involve a substantial degree of risk. In certain periods, there may be little or no liquidity in the markets for these securities or instruments. In addition, the prices of such securities may be subject to periods of abrupt and erratic market movements and above-average price volatility. It may be more difficult to value such securities and the spread between the bid and asked prices of such securities may be greater than normally expected and may be greater than those for traditional equity or fixed income investments. If an evaluation of the risks and anticipated outcome of an investment in a distressed security should prove incorrect, the client may lose a substantial portion or all of its investment or it may be required to accept cash or securities with a value less than the original investment.

**Sovereign Debt:** A client may invest in, or have exposure to, "distressed" sovereign debt obligations. There are additional, particular risks related to the investment and trading of these instruments. These risks include the uncertainties involved in enforcing and collecting debt obligations against sovereign nations. The ability to enforce and collect obligations against foreign sovereigns will be affected by world events, changes in U.S. foreign policy, and other factors outside the control of the client.

**Special Situations:** Certain clients will invest in, or have exposure to, companies involved in (or that are the target of) acquisition attempts or tender offers or in companies involved in or undergoing work-outs, liquidations, spin-offs, reorganizations, bankruptcies or other catalytic changes or similar transactions. In any investment opportunity involving any such type of special situation, there exists the risk that the contemplated transaction or situation will be unsuccessful, will take considerable time, or will result in a distribution of cash or a new security the value of which will be less than the purchase price of the security or other financial instrument in respect of which such distribution is received. In any such case, the client may be required to sell its investment at a loss or otherwise incur a loss. Because there is substantial uncertainty concerning the outcome of such special situations, there is a potential risk of loss to the client of its entire investment or exposure in such companies.

**Short Selling:** Certain clients will engage in, or have exposure to, short selling. Short selling involves selling securities that may or may not be owned by the seller and borrowing the same securities for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the investor to profit from declines in the value of a security. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost of buying those securities to cover the short position. There can be no assurance that the securities necessary to cover a short position will be available for purchase. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss. Securities may be sold short in a long/short strategy to hedge a long position, to enable the investor to express a view as to the relative value between the long and short positions, or as part of an outright short position. There is no assurance that the objectives of these strategies will be achieved, or specifically that the long position will not decrease in value and the securities underlying the short position will not increase in value, causing losses on both components of the transaction, or that the securities underlying an outright short position will not increase in value. If the underlying securities increase in value, the short decreases in value and the investor has a loss. In addition, if a client effects, or has exposure to, a short sale, it may be obligated to leave the proceeds thereof with the broker and also deposit with the broker an amount of cash or other securities (subject to requirements of applicable law) that is sufficient under any applicable margin or similar regulations to collateralize its obligation to replace the borrowed securities that have been sold.

**Investments in Emerging Markets:** Certain clients will invest, or have exposure, primarily in non-U.S. markets. Investing in the instruments of issuers from certain non-U.S. jurisdictions involves considerations not usually associated with investing in instruments of U.S. issuers, including political and economic considerations, such as greater risks of expropriation and nationalization of assets or confiscatory taxation, the potential difficulty of repatriating funds and general social, political and economic uncertainty and/or instability.

**Arbitrage Transaction Risks:** Arbitrage strategies attempt to take advantage of perceived price discrepancies of identical or similar financial instruments, on different markets or in different forms. Examples of arbitrage strategies include event-driven arbitrage, merger arbitrage, capital structure arbitrage, convertible arbitrage, fixed income or interest rate arbitrage, statistical arbitrage, debt spread arbitrage and index arbitrage. Wilshire, a Trading Advisor, or External Manager may employ any one or more of these arbitrage strategies. If the requisite elements of an arbitrage strategy are not properly analyzed, or unexpected elements, events or price movements intervene, losses can occur which can be magnified to the extent a client is employing, or has exposure to, leverage. Moreover, arbitrage strategies often depend upon identifying favorable “spreads,” which can also be identified, reduced or eliminated by other market participants.

**Non-U.S. Securities:** Investing in securities of non-U.S. governments and companies and utilization of options and other derivatives on non-U.S. securities involves risks which may be greater than those involved when investing in securities of the United States government (or state or local governments in the United States) or United States companies. These risks may include changes in exchange rates and exchange control regulations, political and social instability, expropriation, imposition of foreign taxes, less liquid markets and less available information than is generally the case in the United States, higher transaction costs, foreign government restrictions, less government supervision of exchanges, brokers and issuers, greater risks associated with counterparties and settlement, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility.

**Trading on Exchanges Outside of the United States:** A client may trade, or have exposure to, futures interests and other financial instruments on exchanges located outside of the United States, where the protections of the U.S. securities and derivatives regulations do not apply. For example, some non-U.S. exchanges are “principals’ markets” in which performance with respect to a transaction is the responsibility only of the individual member with whom the trader has entered into the contract and not of the exchange or clearinghouse. Accordingly, clients are subject to the risk of the inability of or refusal by counterparties to fulfil certain obligations with respect to their contracts with the client. A client may also not have the same access to certain trades as do various other participants in non-U.S. markets.

**Derivative Instruments:** Certain clients will make use of, or have exposure to, swaps, futures, options, forwards and other forms of derivative contracts. In general, a derivative contract typically involves leverage, *i.e.*, it provides exposure to potential gain or loss from a change in the level of the market price of a security, currency or commodity (or a basket or index) in a notional amount that exceeds the amount of cash or assets required to establish or maintain the derivative contract. Consequently, an



adverse change in the relevant price level can result in a loss of capital that is more exaggerated than would have resulted from an investment that did not involve the use of leverage inherent in the derivative contract. Many derivatives instruments also involve exposure to credit risk, since contract performance depends in part on the financial condition of the counterparty. These transactions are also expected to involve significant transaction costs.

**Options:** Certain clients will buy or sell, or otherwise have exposure to, options. The purchase or sale of an option involves the payment or receipt of a premium by the investor and the corresponding right or obligation, as the case may be, to either purchase or sell the underlying security, commodity or other instrument for a specific price at a certain time (or times) or during a certain period. Purchasing options involves the risk that the underlying instrument's price will not change in the manner expected, so that the investor loses its premium. Selling options involves potentially greater risk because the seller is exposed to the extent of the actual price movement in the underlying security rather than only the premium payment received (which could result in a potentially unlimited loss). Over-the-counter options also involve counterparty solvency/performance risk. The pricing of options involves a wide variety of factors, including the variability of interest rates, the time to expiration, the price of the underlying asset, the volatility of the underlying asset and general market sentiment. Not only will different traders differ among themselves concerning the correct theoretical value for a given option, but also actual and theoretical values may diverge for extended periods of time. There can be no assurance a client's options positions will be correctly valued; consequently, substantial losses could be incurred by the client.

**Swap Agreements:** Certain clients will enter into, or have exposure to, swap agreements. Swap agreements can be individually negotiated and structured to include exposure to a variety of different types of investments or market factors. Depending on their structure, swap agreements may increase or decrease the client's exposure to long-term or short-term interest rates (in the United States or abroad), non-U.S. currency values, corporate borrowing rates, or other factors such as security prices, baskets of equity securities or inflation rates. Swap agreements can take many different forms and are known by a variety of names. A client may not be limited to any particular form of swap agreement if consistent with the client's investment restrictions.

Swap agreements tend to shift a client investment exposure from one type of investment to another. For example, if a client agrees to exchange payments in dollars for payments in non-U.S. currency, the swap agreement would tend to decrease such client's exposure to U.S. interest rates and increase its exposure to non-U.S. currency and interest rates. Depending on how they are used, swap agreements may increase or decrease the overall volatility of a client's portfolio. The most significant factor in the performance of swap agreements is the change in the specific interest rate, currency, individual equity values or other factors that determine the amounts of payments due to and from a client. If a swap agreement calls for payments by a client, such client must be prepared to make such payments when due.

Under the recent regulatory regimes established in the United States and Europe, many swaps have become subject to mandatory clearing and more will become so in the future. Generally, when a swap becomes subject to mandatory clearing, the counterparty to the swap will be a central clearinghouse. However, a client is not in direct privity with the central clearinghouse, acting instead through a futures commission merchant or similar quasi-agent, who guarantees the obligations of the client to the clearinghouse. Clearing has, in certain cases, led to losses caused by operational failure or fraud. A swap that is subject to mandatory clearing also becomes subject to mandatory execution on a swap execution facility or designated contract market. Trades submitted for clearing will be subject to minimum initial and variation margin requirements set by the relevant clearinghouse and regulators.

When permitted by law, a client may enter into, or have exposure to, privately negotiated swaps that will not be subject to clearing. These non-cleared swaps (*i.e.*, traditional OTC swaps) may expose the client to different or increased risks relative to investments that do not involve OTC swap transactions, including, without limitation, the risk of loss from counterparty nonperformance, premature termination of the transaction due to default by the applicable client, adverse changes in market conditions, and substantial costs for creating and maintaining the transaction. If a counterparty's creditworthiness declines, the value of swap agreements with such counterparty can be expected to decline, potentially resulting in losses by the client. There is no or limited liquidity for non-cleared derivative transactions and no market transparency as to the pricing of new non-cleared derivative transactions or the voluntary unwinding of existing non-cleared derivative transactions except with respect to swaps executed on a swap execution facility or designated contract market.

**High Yield Securities:** A client may invest in, or have exposure to, “high yield” bonds and/or preferred securities which are rated in the lower rating categories by the various credit rating agencies (or in comparable non-rated securities). Securities in the lower rating categories (or comparable non-rated securities) generally are subject to greater risk of loss of principal and interest than higher- rated securities and are generally considered to be predominately speculative with respect to the issuer’s capacity to pay interest and repay principal. They are also generally considered to be subject to greater risk than securities with higher ratings in the case of deterioration of general economic conditions. Because investors generally perceive that there are greater risks associated with the lower-rated securities, the yields and prices of such securities tend to fluctuate more than those for higher-rated securities. The market for lower-rated securities is thinner and less active than that for higher-rated securities, which can adversely affect the prices at which these securities can be sold. In addition, adverse publicity and investor perceptions about lower-rated securities, whether or not based on fundamental analysis, may be a contributing factor in a decrease in the value and liquidity of such lower-rated securities.

**Corporate Debt Obligations:** A client may invest in, or have exposure to, corporate debt obligations, including commercial paper. Corporate debt obligations are subject to the risk of an issuer’s inability to meet principal and interest payments on the obligations (credit risk). As such, funds may lose some or all of their investment in connection to corporate debt obligations.

**U.S. Government Securities:** A client may have exposure to “U.S. government securities.” U.S. government securities are debt securities issued or guaranteed by the U.S. Treasury, by agencies of the U.S. government, or by various instrumentalities that have been established or sponsored by the U.S. government. U.S. Treasury securities are backed by the full faith and credit of the

U.S. government, meaning that the U.S. government is required to repay the principal in the event of default. Other types of securities issued or guaranteed by federal agencies and U.S. government-sponsored instrumentalities may or may not be backed by the full faith and credit of the U.S. government. The market price of U.S. government securities is not guaranteed and investments in U.S. government securities can lose money.

For securities not backed by the full faith and credit of the U.S. government, ultimate repayment will be made by the agency or instrumentality issuing or guaranteeing the obligation. An investor in agency securities may not be able to assert a claim against the United States itself in the event the agency or instrumentality does not meet its payment obligation. U.S. government agencies that issue or guarantee securities include, for example, the Government National Mortgage Association, the Export-Import Bank of the United States, the Federal Housing Administration, the Maritime Administration, the Small Business Administration, and the Tennessee Valley Authority.

An instrumentality of the U.S. government is a government agency organized under federal charter. Some instrumentalities issuing or guaranteeing securities include the Federal Deposit Insurance Corporation, the Federal Home Loan Banks, and the Federal National Mortgage Association.

**Commercial Paper:** A client may have exposure to commercial paper. “Commercial Paper” is a short-term, unsecured promissory note issued by a corporation. It is usually sold on a discount basis and has a maturity at the time of issuance not exceeding 12 months. Commercial paper may suffer from reduced liquidity due to certain circumstances, including times of significant market stress. In addition, as with all fixed income securities, an issuer may default on its commercial paper obligation. The short-term nature of commercial paper makes it less susceptible, but still subject to, interest rate risk because interest rate risk typically increases as maturity lengths increase. Additionally, some issuers expect to repay commercial paper obligations at maturity from the proceeds of the issuance of new commercial paper. As a result, a commercial paper investment is subject to the risk the issuer cannot issue enough new commercial paper to satisfy its outstanding commercial paper payment obligations, also known as rollover risk.

**Debt/Fixed Income Securities:** A client may have exposure to various debt or fixed income securities. Fixed income securities are subject to a variety of risks, such as interest rate risk, income risk, call risk, prepayment risk, extension risk, inflation risk, credit risk, liquidity risk, and (in the case of foreign securities) country risk and currency risk. The reorganization of an issuer under federal bankruptcy laws or an out-of-court restructuring of an issuer’s capital structure may result in the issuer’s debt securities being cancelled without repayment.



**Relative Value Strategy Risk:** A client may pursue relative value strategies by taking, or having exposure to, long positions in securities believed by Wilshire, a Trading Advisor or External Manager to be undervalued and short positions in securities believed by such advisor or manager to be overvalued. In the event that the perceived timings and/or mispricings underlying the client's trading positions or exposures were incorrect, the client may incur a loss.

## Item 9: Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's evaluation of the adviser or the integrity of the adviser's management. While Wilshire may be engaged in various civil litigation matters from time to time, to the best of Wilshire's knowledge, there is no current or pending litigation against Wilshire that would affect its ability to fulfill contractual commitments. Wilshire has no reportable legal or disciplinary events.

## Item 10: Other Financial Industry Activities and Affiliations

### Financial Industry Activities

Wilshire acts in the capacity of investment adviser to the Wilshire Mutual Funds, Inc. and the Wilshire Variable Insurance Trust. In addition, certain personnel of Wilshire serve as officers and/or directors of Wilshire Mutual Funds, Inc., and the Wilshire Variable Insurance Trust. Wilshire acts as Limited Partner and investment adviser to various private equity investment funds, the Wilshire Solutions Funds Trust, and the Wilshire Institutional Master Funds.

Wilshire is registered as a Commodity Pool Operator and Commodity Trading Advisor with the National Futures Association and certain Wilshire employees have been registered as Associated Persons. Certain Wilshire employees are also registered representatives of Foreside Financial Group, LLC, a registered broker-dealer.

### Affiliations

Wilshire Associates Europe B.V. (“WAEBV”) distributes Wilshire products and services and provides research and advisory support for Wilshire’s business in Europe. Members of Wilshire who are employees of WAEBV are involved in the due diligence and ongoing monitoring of Wilshire’s private markets investments.

Wilshire Benchmarks TopCo Limited and its subsidiaries Wilshire Opco UK Limited and Wilshire Benchmarks US LLC (collectively, “Wilshire Indexes”) provide a wide range of custom, broad and sub-market indexes and benchmarks, that may be used to compare investor performance. Wilshire Opco UK Limited is authorized by the UK Financial Conduct Authority to carry out the regulated activity of administering a benchmark.

Wilshire Advisors UK Limited is a UK affiliate of Wilshire which employs UK personnel on behalf of Wilshire.

Wilshire Hong Kong Limited (“WHKL”) provides research support for Wilshire’s private markets business. Employees of WHKL are involved in the due diligence and ongoing monitoring of Wilshire’s private markets investments.

Wilshire maintains a legal presence in Australia through its affiliate Wilshire Australia Pty Limited (“WAPL”) and its wholly owned subsidiary Wilshire Global Advisors Limited (“WGAL”). WGAL has a financial services license from the Australian Securities and Investments Commission.

Wilshire’s participation as general partner in various U.S. and offshore limited partnership investment vehicles is conducted through entities controlled by Wilshire Global Advisors LLC or Wilshire Advisors UK Limited.

CC Capital and Motive Partners, indirect owners of Wilshire, and the companies they control, are affiliates of Wilshire as a result of their ownership interest. This relationship creates certain conflicts of interest as discussed in more detail in “Conflicts of Interest” below.

## Conflicts of Interest

Conflicts of interest may exist where the benefits to or obligations of two parties are not aligned. In the asset management context, conflicts of interest most frequently arise where an adviser, its owners, subsidiaries, or affiliates may receive a benefit with respect to decisions made on behalf of client accounts (e.g., allocating funds to an affiliated manager or third-party manager to which the adviser sells other services). Conflicts will arise from the regular provision of Wilshire's services to its clients and represent risks that need to be managed.

Conflicts of interest may arise when Wilshire, or its affiliates, subsidiaries or employees, engage in the following activities:<sup>2</sup>

- provide advice or recommendations to clients with regard to Wilshire's own products or services (e.g., recommending Wilshire-sponsored products where Wilshire will receive additional fees),
- provide advice or recommendations with regard to a product or service with which Wilshire competes where Wilshire may have incentives to not select such product or service in favor of Wilshire's proprietary products or services,
- develop and/or markets products or services using its own or an affiliate's underlying tools and products (e.g., a fund or ETF developed from one of Wilshire's affiliate's indexes, where such affiliate and/or Wilshire's owners may receive fees or other benefits),
- evaluate, review, or recommend an investment manager, Trading Advisor or other financial services provider with which Wilshire has a business relationship or to which it or an affiliate provides services and receives fees (e.g., recommending managers from which Wilshire receives fees for providing analytics services),
- act as general partner for certain funds in which Wilshire solicits client investments or invests client assets on a discretionary basis,
- serve on (i) the advisory boards of underlying investments in which a Wilshire-sponsored or managed fund invests, (ii) the boards of entities that serve as the managers or advisers of a Wilshire-sponsored or managed fund, or (iii) the boards of operating companies,
- charge different amounts and types of fees across accounts, which could create incentives to favor certain accounts over others (as more fully discussed in Items 5 and 6), or
- recommend the services of a third party from which Wilshire obtains a benefit (economic or otherwise).

In addition to the foregoing conflicts, Wilshire may be subject to conflicts related to its employees or employees of Wilshire's affiliates. Wilshire reserves the right to employ personnel with pre-existing ownership interests in portfolio companies owned directly or indirectly by a client advised by Wilshire and/or its affiliates. Current or former personnel or executives of Wilshire and/or its affiliates are expected from time to time to serve in significant management roles at portfolio companies or service providers recommended by Wilshire. Similarly, Wilshire, its affiliates and/or personnel maintain relationships with (or invest in) financial institutions, service providers and other market participants, including, but not limited to, managers of private funds, banks, brokers, advisors, consultants, finders (including executive finders and portfolio company finders), executives, attorneys, accountants, institutional investors, family offices, lenders, current and former employees, and current and former portfolio company executives, as well as certain family members or close contacts of these persons. Certain of these persons or entities will invest (or will be affiliated with an investor) in, engage in transactions with, or provide services (including services at reduced rates) to, Wilshire or its affiliates or one or more clients. Wilshire expects to be subject to a potential conflict of interest with a fund in recommending the retention or continuation of a third-party service provider to such fund if such recommendation, for example, is motivated by a belief that the service provider or its affiliate(s) will continue to invest in one or more funds, will provide Wilshire information about markets and industries in which Wilshire operates (or is contemplating operations), or will provide other services that are beneficial to Wilshire or one or more other funds.

<sup>2</sup> This list is not intended to be exhaustive and additional conflicts of interest may exist or arise in the future.

## **Controls and Mitigation**

It is Wilshire's policy to make evaluations, recommendations and decisions based upon the best interests of the client and without regard to any benefit (economic or otherwise) that Wilshire or its affiliates receive or might receive. Wilshire is committed to ensuring that it appropriately manages conflicts of interests in providing its products and services and that it does not prioritize an investment manager's or financial service provider's business relationship with Wilshire, its owners or affiliates, or lack thereof, in performing evaluations for or making recommendations to its advisory clients.

Wilshire has implemented policies and procedures that seek to mitigate conflicts of interest through appropriate oversight, transparency, and controls. Controls include well defined investment procedures and appropriate oversight in the execution of investment and operations functions. Wilshire also seeks to manage the flow of information or limit certain activities, where relevant and appropriate. Wilshire generally does not use ethical walls to limit the sharing of information within its advisory business. Investment advisory personnel have multiple roles and often the personnel necessary for an assignment cannot be divided into distinct groups around which to erect ethical walls. In these instances, Wilshire will seek other means to mitigate any actual or potential conflict that arises, including disclosure or greater supervisory oversight.

Wilshire's policy is to disclose material conflicts of interest to its clients and prospective clients through this Brochure and other relevant documents. Upon request or where otherwise required by relevant rule or regulation, Wilshire will provide existing and prospective clients with a conflicts disclosure report providing a summary of relevant conflicts identified by Wilshire. Due to Wilshire's obligations under non-disclosure and confidentiality agreements with its clients, the information provided in the conflicts disclosure report may be in summary or aggregated form. When deemed necessary, a client will be required to acknowledge and accept certain conflicts.

Specific conflicts of interest may arise where Wilshire is required to compare (and subsequently recommend) its proprietary products directly versus third-party products. In such instances, Wilshire may take a variety of steps to mitigate the risks, including, but not limited to, (i) requiring the client to acknowledge the conflict and presence of Wilshire-sponsored funds in the allocation, (ii) limiting allocation decisions to either all-or-none with respect to Wilshire-sponsored vehicles, and (iii) waiving fees at either the Wilshire or fund level to prevent double-charging.

Wilshire oversees management of the aforementioned policies and procedures, as well as identifying and mitigating new conflicts of interest. When appropriate, Wilshire will delegate issues to a Wilshire committee or persons to provide oversight or an independent assessment of issues where a conflict of interest is present.

## **Expense Conflicts**

Wilshire intends to allocate aggregate costs among applicable clients (and, in certain cases, among Wilshire and applicable clients) in accordance with allocation policies and procedures which are designed to allocate expenses in a fair and equitable manner over time among such clients. However, expense allocation decisions can involve potential conflicts of interest (e.g., an incentive to favor clients that pay higher incentive fees or conflicts relating to different expense arrangements with certain clients). Clients generally will bear costs and expenses to the extent provided in the agreements under which the client was established (such as a limited partnership agreement or private placement memorandum for a private fund or an investment advisory agreement with a client). Typically, the investment advisory agreement and/or fund partnership agreement relating to such client will stipulate what costs and expenses can be borne by the client. Generally, investment-related costs (including broken deal costs) will be allocated across relevant clients pro rata. However, any expense allocation determination involves inherent matters of discretion, e.g., in determining whether to allocate pro rata based on number of funds, co-invest vehicles or other clients receiving related benefits or proportionately in accordance with asset size, invested capital or capital commitments, or in certain circumstances determining whether a particular expense has greater relative benefit to a particular fund. Not all costs incurred in connection with sourcing, negotiating, structuring, holding, or exiting an investment will benefit participating clients ratably even though such costs will typically be allocated on a ratable basis. Wilshire reserves the right to allocate other types of shared client expenses on another basis (e.g., use per instance) as determined more appropriate by Wilshire under the circumstances, and in accordance with its policies and procedures. Expense allocation decisions by Wilshire could result in a client bearing more or less of certain fees and expenses than other participants or potential participants in the same investments or strategies in which such client invests. Wilshire will make judgments with respect to allocation of expenses in its good faith discretion, and can make corrective allocations after the fact should it determine that such corrections are necessary or advisable (any amounts payable to a client in respect of any overpayment of expenses by a client generally will not bear interest). Notwithstanding the foregoing, the portion of an expense allocated to a client for a particular item or service will not necessarily reflect the relative benefit derived by such

client from that item or service in any particular instance and certain other clients could indirectly benefit from products or services paid for by a client and vice versa.

### **Ownership Conflicts**

With respect to Wilshire's ownership structure, there exist potential conflicts of interest owing to (i) Wilshire's primary business model of evaluating and recommending third-party investment managers and private fund advisers, and (ii) the Owners' control and oversight of Wilshire. Each of the Owners are private investment firms themselves and, in addition, may own, possess a profit interest in, or are otherwise affiliated with other investment or asset management firms. Further, various third-party financial firms and intermediaries may be investors in the Owners or their pooled investment vehicles. In each case, to the extent the Owners or their investors are within the universe of investment firms being evaluated, recommended, or targeted for investment by Wilshire for the benefit of its clients, a conflict of interest would exist, as the Owners or their investors would experience a benefit should Wilshire allocate client funds to those managers or funds. Furthermore, the Owners could seek to influence Wilshire's recommendations to clients by advocating for businesses in which they have an interest or seeking to use their influence over Wilshire to promote their other portfolio companies or ventures.

In order to mitigate these conflicts, Wilshire has taken the following steps:

- Wilshire will not evaluate, recommend, or invest in any of the Owners, their funds, or investment opportunities.
- Information barriers have been established between Wilshire and the Owners (including their personnel and affiliates) to prevent the flow of information regarding specific investments recommendations and clients portfolio holdings and activities.
- No Wilshire employee that is otherwise affiliated with the Owners (or their affiliates) may participate in Wilshire's investment processes or make portfolio management decisions for clients.

# Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

## Code of Ethics

Wilshire's Code of Ethics ("Code") was adopted in compliance with the requirements of the Advisers Act. The Code emphasizes Wilshire's fiduciary duty to its advisory clients and the obligation of the Firm's personnel to uphold that fundamental duty. The Code addresses securities-related conduct and focuses principally on personal securities transactions, conflicts of interest, political contributions, and employee reporting requirements.

Wilshire has implemented ACA Compliance Alpha to assist in the management, monitoring and reviewing of employee personal securities accounts and transactions. Employees, with limited exceptions, are required to maintain accounts at approved broker-dealers and are required to obtain pre-approval prior to trading securities. Wilshire maintains a Restricted Companies List ("RCL") which list securities employees are generally prohibited from trading. The RCL includes certain publicly traded companies that include clients of Wilshire's advisory business units (excluding Wilshire Compass clients), individual securities being actively held or traded by a portfolio over which Wilshire has discretionary control, or companies of which Wilshire believes it could be in possession of material nonpublic information. Members of Wilshire's investment group, in consultation with Wilshire's Legal and Compliance Department, otherwise determine whether to place companies on the RCL.

On an annual basis, Wilshire requires employees to certify that they are in compliance with the Code. Wilshire will provide clients and prospective clients with a copy of the Code upon request.

As discussed in Item 10 above, Wilshire also provides advice or recommendations to a client with regard to Wilshire's own products or services. Wilshire also acts as general partner for certain funds in which we solicit client investments or invest client assets on a discretionary basis. Wilshire addresses these conflicts through disclosure to our clients and has implemented policies and procedures that seek to mitigate conflicts of interest through appropriate oversight, transparency, and controls.

## Item 12: Brokerage Practices

### Selecting Brokerage Firms

Wilshire may be considered affiliated with certain broker-dealers as a result of being under common control with them via the Owners. Wilshire maintains policies and procedures to ensure that no information is shared with any potential affiliated broker-dealer and Wilshire does not use or recommend any affiliated broker-dealers, except as may be directed by clients after appropriate disclosure (see “Conflicts of Interest” for more information). Select employees of Wilshire who engage in activity that requires their registration as a licensed agent of a broker-dealer are registered with a brokerage firm through which Wilshire distributes investment products. Wilshire does not otherwise regularly execute or direct trading on individual securities and Wilshire does not generally make recommendations to clients regarding brokerage services.

For funds for which Wilshire has delegated investment authority to Trading Advisors, (i) it is the Trading Advisor who generally selects the brokers to be used to execute transactions on behalf of the fund, and (ii) Wilshire, together with the Trading Advisor, typically selects clearing brokers, prime brokers and other over-the-counter counterparties to be used by the respective fund. In addition, Wilshire typically negotiates and executes the various brokerage agreements with the relevant broker(s) to these funds; however, in certain circumstances Wilshire may approve, in consultation with the Trading Advisor and the relevant client, the use of trading relationships already established by the Trading Advisor to effect trading on behalf of a fund.

### Best Execution

On occasion, Wilshire executes transactions through a broker-dealer on behalf of Wilshire managed funds or empowers an agent to trade on behalf of Wilshire managed funds. When directly selecting a broker-dealer, Wilshire will seek to have orders executed at prices that are as favorable as possible under prevailing market conditions. Wilshire will seek broker-dealers that can provide the best qualitative execution, taking into consideration numerous factors, including, but not limited to the asset being traded, the capability of the firm to execute trades efficiently, quality of price execution, the competitiveness of commission rates and transaction fees, Wilshire’s limited trading activity, and the overall level of customer service. Thus, while Wilshire will give significant weight to the competitiveness of the available commission and transaction rates, it does not necessarily select the broker-dealer that offers the lowest possible rates. Additionally, even where Wilshire uses its best efforts to seek the lowest possible commission rate, it may not obtain the lowest rate for any particular transaction.

If a client directs Wilshire to effect transactions through a particular broker-dealer, Wilshire may not be able to seek best execution services or prices from such directed broker-dealers nor may it be able to “bunch” the client’s transactions with orders for other accounts. As such, the client may incur higher commissions or other transaction costs than would otherwise be the case had the client determined to affect transactions through the brokerage relationships generally recommended by the advisory firm.

With respect to Wilshire client assets that are managed by a third-party investment manager, the investment manager has a fiduciary obligation to seek best execution for all transactions executed on behalf of the client in accordance with its own policies and procedures.

Wilshire does not typically execute securities trades on behalf of funds for which Wilshire has delegated trading responsibility to a Trading Advisor. It is Wilshire’s policy that the Trading Advisor have procedures in place designed to obtain best execution. Wilshire’s operational due diligence team, during its initial and periodic reviews of a Trading Advisor, conducts a review of the Trading Advisor’s best execution practices, policies and procedures.

### Soft Dollars

Wilshire does not have any soft dollar arrangements but will receive payment from third parties for certain analytics services as a result of soft dollar arrangements by our clients.



## Order Aggregation

Wilshire does not regularly execute trade transactions for multiple clients. Were the occasion to arise, Wilshire would aggregate transactions and execute orders as a single agent if aggregation would not disadvantage any of the clients participating.

## Allocation

Wilshire has a fiduciary obligation to ensure that it treats its clients in a fair and equitable manner over time when deciding how investments are allocated. When deciding how investments are allocated, Wilshire will first determine whether a particular investment opportunity is suitable and appropriate for a client based upon the targeted risk/return, goals and/or objectives of a client's investment mandate, strategy, and/or policy. Wilshire will also determine what, if any, requirements or limitations are set forth in the respective investment management agreement, limited partnership agreement or other governing documents. Provided an investment is suitable and appropriate for, and not otherwise limited by, a client, allocation of investments will generally be made on a pro rata basis amongst eligible clients. Allocations may vary from pro rate due to Wilshire's good faith application of one more relevant circumstances affecting any eligible client. These factors will include, but are not limited to, fund size, available capital, existing investments, portfolio diversification and concentration, duration, structuring, and size of investment.

Where appropriate and feasible, Wilshire may offer one or more clients, limited partners of clients, or other persons or entities the right to co-invest (directly or indirectly) in a potential co-investment opportunity. It is the policy of Wilshire to consider the allocation of each co-investment opportunity fairly and equitably when determining participation by co-investors. Allocation of the portion of the co-investment amongst clients that are determined to be eligible for the investment will generally be determined in accordance with the allocation factors set forth above. If an allocation is made to one or more client or investor, such allocation may not, and typically will not, correspond to their pro rata interests. In determining the offering of co-investment opportunities and subsequent allocations among co-investors, Wilshire will consider suitability, size, expressed interest and commitment, timing and confidence of closing, terms, existing obligations, specific restrictions, creditworthiness and identity of potential co-investor, governance rights, competition, investment policies and restrictions, prior co-investments, fees, prior commitments, benefits of potential co-investor, benefits to Wilshire, and other factors that Wilshire may consider appropriate in light of the particular facts and circumstances.

In certain circumstances, Wilshire will make exceptions to its policies and procedures regarding investment allocation.

## Item 13: Review of Accounts

### Periodic Reviews

Each business unit performs periodic account reviews, as appropriate, when market conditions dictate or as agreed upon with the client. Client account reviews involve various Wilshire personnel and include portfolio managers, consultants, and members of our Manager Research team. In addition, our risk management team monitors compliance by each Trading Advisor with the investment restrictions and risk guidelines applicable to the fund that such Trading Advisor advises. Notwithstanding the foregoing, in the event a client's account is within a "ramp-up period," certain investment restrictions and/or risk guidelines may not be strictly adhered to in order to seek an orderly ramp-up of such client's account.

### Review Triggers

Other conditions that trigger a review, without limitation, are changes in applicable tax laws, new investment information, and/or changes in a client's situation.

### Regular Reports

Clients receive periodic communications on at least a monthly or quarterly basis, provided that certain clients may receive customized reports on an alternative timetable, as agreed to with such client. The updates may include a valuation statement, portfolio statement, fact sheets, and/or market commentary. Certain funds generally receive audited financial statements within 120 days after the end of the fund's fiscal year.

## Item 14: Client Referrals and Other Compensation

Wilshire has engaged TopCap Partners, Inc. ("TopCap") to refer potential prospects to Wilshire, primarily in European markets. Wilshire will pay TopCap fees in accordance with our agreement. Clients referred by TopCap will pay no additional fees for similar services provided by Wilshire.

Wilshire has engaged Rice Partners ("Rice") to refer potential prospects to Wilshire. Wilshire will pay Rice fees in accordance with our agreement. Clients referred by Rice will pay no additional fees for similar services provided by Wilshire.

WAPL has engaged Akindred Pty Ltd ("Akindred") to promote Wilshire's investment advisory services and products in Australia to potential "wholesale clients" as defined under the Australian Corporations Act. Wilshire will pay Akindred incentive fees for successful referrals out of Wilshire's management or advisory fees with respect to the applicable product or service. Clients and investors referred by Akindred will pay no additional fees for related products or services provided by Wilshire.

## Item 15: Custody

Wilshire is deemed to have custody of assets held by private investment funds for which Wilshire serves as general partner, managing member, or investment adviser. With respect to the assets held by these funds: (i) all assets are held by qualified custodians; (ii) the funds are audited annually by a member of the Public Company Accounting Oversight Board; (iii) either Wilshire or the applicable custodian sends, not less than quarterly, statements to all investors in the fund; and (iv) audited financial statements prepared in accordance with "generally accepted accounting principles" are distributed to investors in a fund within 120 days (180 days for a fund of funds) of the end of each fiscal year. Investors are urged to carefully review and compare any account and financial statements that are received from the qualified custodian and Wilshire.

## Item 16: Investment Discretion

Wilshire provides discretionary services and accepts discretionary authority to manage assets on behalf of clients, including through the selection of External Funds, Trading Advisors, and External Managers, as more fully detailed above under Item 4. Wilshire's discretionary authority on behalf of a client will be described in the client's investment advisory agreement, including any investment restrictions. We may agree to certain investment restrictions and risk guidelines regarding the type and quantity of assets in which a client invests. Clients or investors may also have the right to opt-in/opt-out of specific investment opportunities.

## Item 17: Voting Client Securities

Non-discretionary clients are expected to vote their own proxies unless they delegate this responsibility to the applicable investment manager.

Wilshire has responsibility for voting proxies for some discretionary clients and, where a client has designated Wilshire such responsibility, Wilshire will attempt to consider relevant factors of its vote that could affect the value of the investments and will vote proxies in the manner that it believes will be consistent with efforts to maximize shareholder value. Wilshire uses the following process to address conflicts of interest when voting proxies on behalf of clients: (i) identify potential conflicts of interest; (ii) determine which conflicts, if any, are material; and (iii) establish procedures to ensure that Wilshire's voting decisions are based on the best interests of clients and are not a product of the conflict. Wilshire has established multiple methods to address voting items that it has identified as those in which it has a material conflict of interest. In these cases, Wilshire will use an independent third party to recommend how a proxy presenting a conflict should be voted or authorize the third party to vote the proxy, refer the proposal to the client and obtain the client's instruction on how to vote, or disclose the conflict to the client and obtain the client's consent to Wilshire's vote. Wilshire may have different voting policies and procedures for different clients and may vote proxies of different clients differently, if appropriate in the fulfillment of its duties.

With respect to funds where we have delegated trading responsibility to the Trading Advisors, we generally authorize the Trading Advisors to vote proxies on behalf of the relevant funds. In accordance with our internal policies, our operational due diligence personnel monitor that such Trading Advisors have proxy voting procedures.

We will provide, at no cost, a copy of our proxy voting policies and procedures and applicable information regarding how we voted proxies in the past at a client's request.

## Item 18: Financial Information

Wilshire does not have any financial impairment that precludes the Firm from meeting contractual commitments with clients.

# Privacy Notice

Wilshire is a global company and conducts business around the world, including within regions with unique rules that apply to the collection, processing, and retention of Personal Information (as defined below) from individuals within those areas. Wilshire has developed specific policies relevant to those regions which can be obtained upon requests.

Wilshire considers privacy to be a fundamental aspect of our relationships. We are committed to maintaining the confidentiality, integrity, and security of private, personal, and confidential information in our possession. In the course of providing our products and services, we may collect, retain, and use private, personal and confidential information for the purpose of administering our operations, and complying with legal and regulatory requirements. The kinds of information we may collect will depend on the nature of the relationship in which we are engaged and may include Personal Information (as defined below) for all applicable global privacy laws. This information may include contact details such as address, email address and telephone number and, where required for contractual, legal, or regulatory obligations, additional information (including, but not limited to, date of birth, bank account details and tax identification documents or numbers).

The term “Personal Information” as used in this Privacy Policy, and for purposes of all global privacy laws, means any information that identifies, relates to, describes, is reasonably capable of being associated, or could reasonably be linked, directly or indirectly to an identified or identifiable natural person. An “identifiable natural person” is a person who can be identified, directly or indirectly, in particular by reference to an identifier such as a name, an identification number, location data, an online identifier or to one or more factors specific to the physical, physiological, genetic, mental, economic, cultural or social identity of that natural person.

In most cases, we collect information directly from the person or entity with whom we have the relationship (e.g., through account applications, investment policy statements, website usage, customer surveys, and electronic or verbal correspondence), but we may also obtain information from other sources (e.g., transactions, brokers, consultants, or financial advisory firms, or public registers for background searches). Wilshire generally does not disclose private, personal, and confidential information with outside organizations except for third party processors and service providers that are essential in administering our operations, or as otherwise required or permitted by law. As is common in the industry, non-affiliated companies may from time to time be used to provide certain services, such as preparing and mailing prospectuses, reports and account statements. These companies may be provided access to private, personal, and confidential information solely to provide the specific service or as otherwise required or permitted by law. We may also provide confidential information to brokerage, financial advisory, or other third-party financial intermediaries.

Regulation S-AM (“Reg S-AM”) prohibits a registered investment adviser from using information about an individual consumer that has been obtained from an affiliated entity for marketing purposes unless the information sharing practices have been disclosed and the consumer has not opted out.

Prior to using any information about a person obtained from an affiliated entity for marketing purposes, Wilshire is responsible for ensuring that the affected person has received clear and conspicuous notice of the information sharing arrangement and an opportunity to opt out, and that the affected person has not opted out.

Wilshire is responsible for ensuring that all individual clients and investors receive clear and conspicuous disclosures about Wilshire’s information sharing arrangements with affiliated entities. Among other things, all such notices will include a reasonable and simple method for opting out of the information sharing arrangements. Wilshire is also responsible for processing and tracking individual clients’ and investors opt-out requests. A copy of Wilshire’s Information Sharing for Marketing Purposes disclosure to individual clients and investors is available upon request.

Additional policies and procedures applicable to global data privacy laws, including General Data Protection Regulation (“GDPR,” together with other EEA data privacy laws “EEA Laws”), the California Consumer Privacy Act of 2018 and the Cayman Islands Data Protection Law, 2017, are described in Wilshire’s Privacy Policy which applies to relevant individuals within those jurisdictions.

Wilshire reserves the right to disclose private, personal, and confidential information where we believe in good faith that disclosure is required either under law or to cooperate with regulators or law enforcement authorities. In addition, we may disclose Personal Information to a non-affiliated third party upon the owner’s written request.

Wilshire takes seriously the obligation to safeguard private, personal, and confidential information (including Personal Information). We maintain appropriate safeguards which includes the use of security procedures to prevent revealing such information.

Any questions regarding Wilshire's Privacy Policy should be referred to the Chief Compliance Officer. As required by regulations, Wilshire provides this statement to its clients annually regarding their rights to privacy.