

For Immediate Release

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Wilshire Liquid Alternative IndexSM Returns 0.01% in January

Santa Monica, Calif., February 18, 2021 – The Wilshire Liquid Alternative IndexSM, which provides a representative baseline for how the broad liquid alternative investment category performs, returned 0.01% in January, outperforming the -0.16% monthly return of the HFRX Global Hedge Fund Index. The Wilshire Liquid Alternative Index family aims to deliver precise market measures for the performance of diversified liquid alternative investment strategies implemented through mutual fund structures, backed by a proprietary classification methodology.

“The ‘Reddit Rebellion’ dominated headlines in January as investors’ support of heavily shorted stocks led to an outsized short squeeze and subsequent technical deleveraging in U.S. equity markets, bringing markets down for the month,” said Jason Schwarz, President and Chief Operating Officer of Wilshire.

The Wilshire Liquid Alternative Equity Hedge IndexSM ended the month down -0.42%, outperforming the HFRX Equity Hedge Index’s return of -1.04%.

- U.S. equity markets experienced an unusual January as managers were caught under the “Reddit Rebellion” wave, leading to a sharp deleveraging as the month closed. According to prime brokers, this was the most severe deleveraging in terms of volume since 2008.
- Managers exposed to crowded, high short interest stocks in the U.S. suffered greatly. As these funds sought to cover their short positions, there was a contagion effect in U.S. equity markets due to the subsequent deleveraging. Value managers with Japanese exposure enjoyed a positive January as they were not affected by the Reddit-fueled contagion.

The Wilshire Liquid Alternative Event Driven IndexSM ended the month up 1.03%, outperforming the HFRX Event Driven Index’s monthly return of 0.62%.

- Merger arbitrage managers enjoyed a positive January as M&A activity persisted into the new year. Competitive pricing pressure has led to higher bids for targets and greater shareholder return. In addition, SPACs have continued to contribute positive returns for event driven managers.

The Wilshire Liquid Alternative Global Macro IndexSM ended the month down -0.25%, outperforming the HFRX Macro/CTA Index’s monthly return of -0.58%.

- While the macro space was generally insulated from U.S. equity deleveraging, managers had a muted but negative month with losses stemming from a sell-off and reversal in fixed income

early in the month as well as general USD strength. These losses were partially offset by robust gains in long commodity positions.

The Wilshire Liquid Alternative Relative Value IndexSM ended the month up 0.17%, underperforming the HFRX Relative Value Arbitrage Index's monthly return of 0.32%.

- Structured credit markets enjoyed a positive month as secondary spreads tightened, and curves flattened across most sectors.
- Relative value convertible arbitrage managers enjoyed a modestly positive month as volatility picked up towards the end of January.

The Wilshire Liquid Alternative Multi-Strategy IndexSM, which includes both single and multi-manager funds, returned -0.03% in January.

About Wilshire

Wilshire is a leading global investment technology and advisory company, dedicated to improving outcomes for investors worldwide. In January 2021, an investor group, which included CC Capital and Motive Partners, two private equity groups, acquired a controlling interest in Wilshire. Founded in 1972, Wilshire advises on over \$1.1 trillion in assets and manages \$76 billion in assets. Specializing in innovative investment solutions, consulting services and multi-asset analytics, Wilshire serves more than 500 institutional and intermediary clients worldwide, delivering a high quality, coordinated platform of client-centric investment solutions that leverage the entire firm's resources to the maximum benefit of our clients.

More information on Wilshire can be found at www.wilshire.com