

# Wilshire Liquid Alternative Index<sup>SM</sup>

The Wilshire Liquid Alternative Index<sup>SM</sup> measures the collective performance of the five Wilshire Liquid Alternative strategies that make up the Wilshire Liquid Alternative Universe. Created in 2014, with a set of time series of data beginning on December 31, 1999, the Wilshire Liquid Alternative Index (WLIQA) is designed to provide a broad measure of the liquid alternative market by combining the performance of the Wilshire Liquid Alternative Equity Hedge Index (WLIQAEH), Wilshire Liquid Alternative Global Macro Index (WLIQAGM), Wilshire Liquid Alternative Relative Value Index (WLIQARV), Wilshire Liquid Alternative Multi-Strategy Index (WLIQAMS), and Wilshire Liquid Alternative Event Driven Index (WLIQAED).

## Membership

To be included in the Wilshire Liquid Alternative Index, a strategy must:

- Be registered under the Investment Company Act of 1940;
- Be categorized as a liquid alternative investment strategy in the Wilshire Liquid Alternative Universe; and
- Have six months of returns.

## Adjustments & Maintenance

Changes to the index composition and updates of component weights are based on the following rules:

### Composition Changes

The composition of the Wilshire Liquid Alternative Indexes are reviewed semi-annually in June and December using month-end May and November data. Routine additions and deletions are made after the close of trading at the end of June and December. Additions and deletions are pre-announced two weeks prior to the implementation date.

- Additions include any new non-component strategy that meets the index inclusion requirements as of the close of trading at month end, prior to the rebalance date.
- Deletions include any component strategy that is no longer identified by Wilshire Manager Research as an alternative investment strategy.
- Once per month, current component funds that enter liquidation proceedings are evaluated separately for removal.
- In addition to the scheduled reconstitution dates, any issue that fails to meet one or more of the index membership requirements is removed from the index at month end.

Once a component fund is removed from a Wilshire Liquid Alternative Index, a re-weighting of the remaining funds in the category will occur at month end.

### Share Class Treatment

- A hierarchy that places a bias toward institutional over retail is used to determine the share classes for pricing in the index. The share class with the longest track record is selected as the baseline upon which to evaluate each strategy.

## Weighting

The index weights are derived from the assets under management (AUM) for each constituent fund with caps on weighting applied at both the category and strategy level.

The indexes are rebalanced on a semi-annual basis coinciding with the semi-annual additions and deletions of constituents. New weights are determined using month-end May and November data.

Preliminary index weights are determined for each member such that a fund's weight is directly proportional to its AUM as of the last trading days of May and November. The following caps are then applied sequentially to the member weights:

- The Wilshire Liquid Alternative Index weight of each of the component sub-index categories (Wilshire Liquid Alternative Equity Hedge Index, Wilshire Liquid Alternative Global Macro Index, Wilshire Liquid Alternative Relative Value Index, Wilshire Liquid Alternative Multi-strategy Index and Wilshire Liquid Alternative Event Driven Index) is capped at 40%.
- The index weight of a single fund is capped at four times what an equal weight within its respective index category (Wilshire Liquid Alternative Equity Hedge Index, Wilshire Liquid Alternative Global Macro Index, Wilshire Liquid Alternative Relative Value Index, Wilshire Liquid Alternative Multi-strategy Index and Wilshire Liquid Alternative Event Driven Index) would be. If the  $k$ th category has an aggregate weight of  $W_k$  and has  $N_k$  members, then the weights of all members within the category are capped at  $4W_k/N_k$ .

## For Further Information

Please visit [wilshire.com](http://wilshire.com) or email [wilshireindexes@wilshire.com](mailto:wilshireindexes@wilshire.com).

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