

## For Immediate Release

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# Wilshire Liquid Alternative Index<sup>SM</sup> Returns 0.75% in December and 0.62% in the Fourth Quarter

**Santa Monica, Calif., January 12, 2022** - The Wilshire Liquid Alternative Index<sup>SM</sup>, which provides a representative baseline for how the broad liquid alternative investment category performs, returned 0.75% in December and 0.62% in the fourth quarter, outperforming a 0.47% monthly return and 0.07% quarterly return for 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.

Equity markets rebounded from a November correction related to Omicron variant fears, to reach all-time highs in December. This was driven by strong economic data and corporate earnings through the holiday season.

The Wilshire Liquid Alternative Equity Hedge Index<sup>SM</sup> ended the month up 2.00%, outperforming the HFRX Equity Hedge Index's return of 1.70%. For the quarter, the Wilshire Liquid Alternative Equity Hedge Index<sup>SM</sup> returned 3.37%, outperforming its HFRX counterpart's return of 2.65%.

- Equity hedge managers experienced a mixed first two months of the quarter, as a strong earnings season produced positive performance (particularly across growth-oriented managers) in October, and Omicron concerns coupled with year-end exposure management created a substantial correction towards the end of November.
- Long-short managers benefitted from the rebound of equity markets in December. Strong holiday retail sales outweighed Omicron variant concerns, propelling crowded technology and consumer stocks from negative to positive for the month. "Value-oriented" managers have continued to outperform their "growth-oriented" counterparts since the pullback seen at the end of November.

The Wilshire Liquid Alternatives Event Driven Index<sup>SM</sup> ended the month up 0.03%, outperforming the HFRX Event Driven Index's monthly return of -1.16%. For the quarter, the Wilshire Liquid Alternatives Event Driven Index<sup>SM</sup> returned -0.35%, outperforming the HFRX Event Driven Index's return of -1.81%.

- Despite elevated levels of deal activity, event driven managers experienced a slightly negative quarter. Performance in this space was modestly positive in October as deal spreads tightened and merger volume remained strong. Managers struggled in the month of November largely on the back of the significant equity correction seen at the end of the month.
- Special situations managers struggled as stock specific catalysts underproduced, resulting in a mixed month all together for event driven managers in December and for the quarter.

The Wilshire Liquid Alternative Multi-Strategy Index<sup>SM</sup>, which includes both single and multi-manager funds, returned 0.85% in December and 0.98% for the quarter.

The Wilshire Liquid Alternative Global Macro Index<sup>SM</sup> ended the month up 0.33%, underperforming the HFRX Macro/CTA Index's monthly return of 0.84%. For the quarter the Wilshire Liquid Alternative Global Macro Index<sup>SM</sup> returned -1.33%, underperforming the HFRX Macro/CTA Index's return of -0.87%.

- Macro managers experienced a strong start to the quarter driven by short positions in bonds and the Japanese yen coupled with long exposure to US equities. Trend reversals in commodities, FX, and equities at the end of November resulted in significant losses, particularly for CTA's, while discretionary funds saw a more muted drawdown on the back of the same trends.
- Managers had a slightly positive month in December. Performance was largely dependent on positioning, as managers with long equity exposure saw good performance while those with large exposure to commodities, particularly natural gas, struggled with the high volatility.

The Wilshire Liquid Alternative Relative Value Index<sup>SM</sup> ended the month down -0.28%, underperforming the HFRX Relative Value Arbitrage Index's monthly return of 0.50%. For the quarter, the Wilshire Liquid Alternative Relative Value Index<sup>SM</sup> returned -0.17%, outperforming the HFRX Relative Value Arbitrage Index's return of -0.40%.

- Relative value managers experienced a muted but negative first two months of the quarter. Structured credit markets experienced a negative October as Covid-19 driven supply chain issues continued to affect the economy. Convertible bond funds suffered a slight decline in November on the back of credit market weakness.

Relative value managers ended the month of December on the positive side of flat. Managers with significant SPAC exposure struggled to keep pace as the sector lagged broader equity markets. Convertible arbitrage strategies benefited from decreased volatility and rising yield curves.

### About Wilshire

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