

FOURTH QUARTER 2021

Hybrid ETF Tax Sensitive Allocation Portfolios Rebalance Summary

Overview

The Wilshire Hybrid ETF Tax Sensitive Allocation Portfolios rebalance for Q4 reflects updated views from Wilshire's Investment Strategy Committee (ISC). In addition to the scheduled rebalance to our asset allocation targets for each model, Wilshire used the update to reflect changes to the underlying fund allocations based on near-term market views. The following changes were implemented for the Q4 rebalance:

- **Fixed Income** – Implemented an underweight to High Yield relative to Bank Loans
- **Equity** – Implemented an overweight to Global ex-U.S. relative to U.S. Equities
- **Equity** – Removed overweight to Emerging relative to Developed Equities
- **Equity** – Removed overweight to Emerging relative to U.S. Equities

Wilshire's Investment Strategy Committee meets at least quarterly to reassess our near-term views. Below is a summary of how our outlook has changed since last quarter.

Asset Class	July	Change	October
Fixed Income vs. Equity	Neutral	≈	Neutral
Alternatives vs. Equity	Neutral	≈	Neutral
Alternative vs. Fixed Income	Large Overweight	≈	Large Overweight
Duration vs. Barclays Aggregate	Underweight	≈	Underweight
Credit vs. Government	Neutral	≈	Neutral
Investment Grade vs. High Yield	Neutral	≈	Neutral
High Yield vs. Bank Loans	Neutral	↓	Underweight
Emerging Markets Debt (EMD) vs. High Yield	Neutral	≈	Neutral
Large Cap vs. Small Cap Equities	Neutral	≈	Neutral
Growth vs. Value Equities	Underweight	≈	Underweight
Global ex-U.S. vs. U.S. Equities	Neutral	↑	Overweight
Emerging vs. Developed Equities	Overweight	↓	Neutral
Emerging vs. U.S. Equities	Overweight	↓	Neutral
Global REITS vs. Global Equities	Neutral	≈	Neutral
Commodities vs. Global REITS	Overweight	≈	Overweight

Q4 Model Allocation Summary

High Yield vs. Bank Loans – Implementation of High Yield underweight

We observe more attractive valuations and the rising rate environment is supportive of demand, with a high level of CLO issuance. As a result, we are moving to an underweight in high yield in favor of bank loans.

Global ex-U.S. vs. U.S. Equities – Implementation of Global ex-U.S. overweight

Given relatively attractive valuations in non-U.S. equities, improving COVID-19 conditions, and in combination with the more pro-cyclical exposure of foreign markets, we view non-U.S. equities as more attractive at this stage of the business cycle.

Emerging Markets vs. Developed Markets – Removal of Emerging Markets overweight / Emerging Markets vs. US Markets – Removal of Emerging Markets overweight

While emerging markets have recently underperformed, the technical, fundamental, and geopolitical backdrop does not support overweight exposure to emerging markets relative to developed markets. Given our move to overweight foreign equities relative to U.S. equities, this change in our view of emerging markets is only resulting in a modest reduction of exposure.

Wilshire Hybrid ETF Tax Sensitive Allocation Changes

Fund Name	Ticker	Conservative		Moderate Conservative		Moderate		Moderate Growth		Growth	
		Q4 2021	Change	Q4 2021	Change	Q4 2021	Change	Q4 2021	Change	Q4 2021	Change
Cash / Money Market	N/A	2.0%		2.0%		2.0%		2.0%		2.0%	
Vanguard Tax-Exempt Bond ETF	VTEB	12.5%		10.0%		7.5%		5.0%		2.0%	
Nuveen Intm Duration Muni Bd I	NUVBX	17.0%		13.5%		10.0%		6.5%		3.0%	
MainStay MacKay ST Municipal Fund	MSTIX	31.0%		24.5%		18.0%		11.5%		6.0%	
MFS Municipal High Income I	MMIIX	12.5%		10.0%		7.5%		5.0%		2.0%	
Vanguard S&P 500 ETF	VOO					21.0%		29.0%		35.5%	
Vanguard Growth ETF	VUG	7.5%		9.5%							
SPDR® Portfolio S&P 500 Growth ETF	SPYG					2.0%					
Vanguard Value ETF	VTV	7.5%		12.5%		4.5%		4.0%		4.0%	
Vanguard Extended Market ETF	VXF	5.0%		6.0%		7.5%		9.5%		11.0%	
Vanguard FTSE Dev. Markets ETF	VEA			9.0%	-1.0%	15.0%	1.5%	20.5%	2.0%	26.0%	3.0%
Vanguard Total International Stock ETF	VXUS	5.0%									
Vanguard FTSE Emerging Markets ETF	VWO			3.0%	-1.0%	5.0%	-1.5%	7.0%	-2.0%	10.5%	-3.5%

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