

Summary of Wilshire's Compliance Program and Update to Wilshire's Conflicts of Interest Policies

1. Wilshire's compliance program seeks to:
 - a. Encourage employees to operate in accordance with the highest standards of business ethics
 - b. Induce employees to fulfill Wilshire's fiduciary duty and professional obligations to clients
 - c. Navigate the rules which govern Wilshire's highly regulated industry
 - d. Monitor, evaluate and seek to mitigate risk
 - e. Manage conflicts of interest

2. Compliance Management: Managed by industry veterans with significant experience in the market.
 - a. General Counsel: Reena S. Lalji is responsible for overseeing the legal, compliance, human resources and administrative functions of Wilshire and its affiliates. Ms. Lalji has been with Wilshire since 2009 and has over 20 years of legal, compliance and business experience in the financial services industry. Prior to joining Wilshire, Ms. Lalji was lead counsel for RBC Asset Management, the Canadian asset management division of the Royal Bank of Canada and prior to that, was an associate with Dentons (formerly FMG). Ms. Lalji has a B.Com. from the University of Alberta, a J.D. from the University of Victoria and a LL.M. from Osgoode Hall Law School at York University. She is qualified to practice law in California and Ontario.
 - b. Chief Compliance Officer: Benkai Bouey the Compliance Officer of Wilshire and the Wilshire Mutual Funds and VITs. Mr. Bouey reports both to the General Counsel and directly to Wilshire's Board of Directors. Mr. Bouey has been with Wilshire since 2012 and has over 20 years of legal and compliance in the financial services industry. He began his legal

career as an associate at Sullivan & Cromwell in their London and New York offices. Subsequently he was with Horizon Asset Management, an asset manager in New York, and Triton Pacific Capital Partners, a private equity firm based in Los Angeles. Mr. Bouey obtained his J.D. from the University of Virginia and his B.A. from Cornell University.

3. Wilshire's conflict management
 - a. Identify conflicts of interest
 - b. Determine risks associated with conflict
 - c. Develop policies and procedures to mitigate risk

4. Wilshire's conflicts policies and procedures
 - a. Primary identified conflicts
 - i. provide advice or a recommendation to a client with regards to Wilshire's own products or services;
 - ii. provide advice or a recommendation with regards to a product or service with which Wilshire competes;
 - iii. evaluate, review or recommend an investment manager or other financial services provider with which Wilshire has a business relationship or to which it provides services;
 - iv. make a decision whose impact may have different effects on different clients; or
 - v. recommend the services of a third party from which Wilshire currently obtains a benefit (economic or otherwise).
 - b. Policy
 - i. Oversight
 1. Governed by Wilshire's Management Committee
 2. Compliance oversight of investment process governance
 - ii. Transparency
 1. Disclosure of relevant relationships
 2. Disclosure of identified conflicts
 3. Wilshire's contractual obligations- Fulfilment of paragraph 51 and Investment Addendum #3

Wilshire provides CalPERs with sufficient disclosure to fulfil its obligations in accordance with our agreement.

- a. Wilshire's Disclosure Form provided annually
- b. Wilshire Follow-up Report provided upon requests
- c. Wilshire's ADV Part 2A
- d. CalPERs RFPs and DDQs

iii. Controls: Controls seek to govern firm activities to fulfil Wilshire's fiduciary obligation and to mitigate potential or actual conflicts of interest

1. Well defined policies that govern Wilshire's process for evaluations and recommendations
2. Ethical walls seek to control the flow of client information to relevant parties
3. To the best of Wilshire's understanding it fulfils of Political Reform Act conflict laws and Government Code Section 1090 as follows:
 - a. Wilshire does not act or collect fees as a placement agent
 - b. As an external manager Wilshire has been subject to CalPERs competitive bidding process
 - c. Wilshire fulfills the "One Third" exemption as Wilshire's primary contacts with CalPERs spend more than 1/3 of their time engaged in investment functions

iv. Proposed changes to policy in light of the Transaction

1. Identified conflicts
 - a. Risk Investor Group seeks to inappropriately benefit from Wilshire's relationships
 - b. Risk Investor Group seeks to influence Wilshire's advice to clients
 - c. Perceived Conflicts related to the lending agreement with Ares

2. Controls

- a. Wilshire will not recommend members of the Investor Group
- b. Members of the Investment Group will not participate in Wilshire's investment process
- c. Members of the investment group will be required to recuse themselves from conflict matters in which they have a vested interest
- d. Ethical walls will be placed between Wilshire and the Investor Group to prevent sharing of information with regards to client portfolios and their investments.
- e. Disclosure will be added as necessary regarding the lending arrangement with Ares

v. Third party support

1. Purpose: While Wilshire relies on the professional knowledge, experience and integrity of its internal compliance team, supported by expert counsel, to devise, implement and oversee its compliance program, given the nature of the change to the its ownership structure, Wilshire determined that it would be a good practice to seek additional compliance support. More specifically, Wilshire wants to get feedback on its policy and procedural changes.
2. Firm: ACA Compliance Group.
3. Purpose:
 - a. Provide an assessment of the implementation of the compliance program following the change in ownership.
 - b. Review the implementation of Wilshire's Conflicts of Interest Policy.
 - i. ACA will review our updated policies and procedures related to conflicts of interest to

determine if they are reasonably designed to identify and manage the conflicts of interest in accordance with our obligations as a fiduciary and under applicable law.

4. Implementation and deliverables:
 - a. ACA introduction to firm and initial due diligence. Between now and year end 2020.
 - b. Review of conflicts policies and procedures. By end of Q1 2021.
 - c. Examination of implementation of new policies and procedures. To be completed before year end 2021.