



Wilshire Organizational Update

OCTOBER 30, 2020



Prepared for:  CalPERS

Summary of Transaction

CC Capital and Motive Partners have entered into an agreement to acquire Wilshire Associates

- Similar to Wilshire's foundation in information technology and finance, Motive Partners and CC Capital were formed to create long-term value in financial technology companies
- Ares Capital will act as a passive lender for the transaction
- Key ongoing Wilshire employees will continue to maintain a material ownership stake in Wilshire and receive additional equity incentives

Transition Event

- Dennis Tito (CEO) and John Hindman (President) will exit the business. Dennis after nearly 50 years of building Wilshire into a leading global advisory firm
- Jason Schwarz (COO), who has led the day-to-day management of the business in recent years, will continue to lead Wilshire's investment and portfolio analytics activities and assume the role of President in addition to this current role as Chief Operating Officer

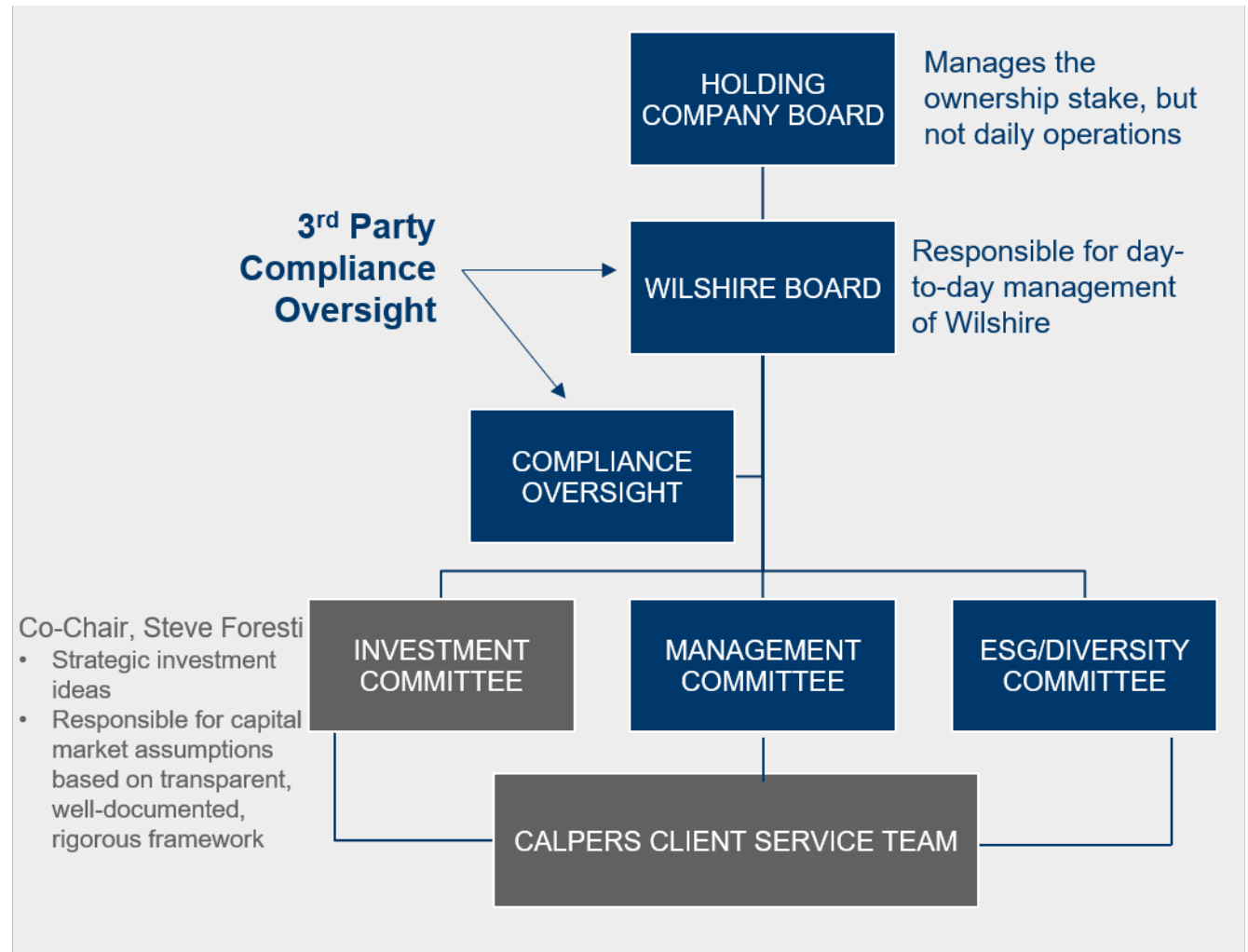
Positives for CalPERS

- CalPERS will continue to be advised and supported by the same team and process, which should benefit from greater investment in capabilities, technology and tools
- Wilshire's fiduciary role as the general consultant to CalPERS Board remains in place
- The investment solidifies Wilshire's presence and growth as a California-based company, and expects to see substantial growth over the coming years

Wilshire Associates has provided independent guidance and advice to CalPERS for more than 35 years and that will not change with the transaction

Governance Structure

- Limited change in operating governance and people
- Day-to-day management of Wilshire largely managed by legacy Wilshire team
- Investment process is insulated from Holding Company influence
- Investment partners will not participate in investment decision making related to Wilshire clients



Managing Conflicts of Interest

Wilshire's conflict management process is an integral part of our ethos, designed to ensure that our advice is driven by the best interests of our clients

Understanding the nature of a conflict, and client vulnerability should a breach occur, are critical to designing effective compliance controls

- Actual or direct conflicts have explicit and close relationship to potential impacts on a client
- Perceived or indirect conflicts are more ambiguous and have a less clear connection to potential client impacts

Wilshire's compliance policies and procedures manage both types of conflict

Managing Conflicts of Interest

Updating policies and procedures to more specifically address issues related to the transaction

Updating disclosures to provide greater transparency

- Additional disclosure of transaction and new ownership structure

Enhanced monitoring and restrictions

- Update Wilshire's restricted list to include Motive Partners and CC Capital affiliates, investments and funds
- Restrictions regarding evaluating, recommending or investing with Motive Partners and CC Capital will be consistent with Wilshire's policies and procedures
- Annual ESG monitoring

Information barriers between Wilshire's investment team and Motive Partners and CC Capital

Additional Information

Additional Due Diligence Materials Provided Prior to Board Meeting

- Updated Wilshire's response to Organizational & Conflict questions from CalPERS' last Request for Proposal
- Updated conflict of interest policy
- Updated conflict of interest procedures
- Updated Wilshire Disclosure report
- Updated SEC Form ADV

Conclusion

Policies, procedures and people are in place to ensure conflicts (actual AND perceived) are identified and appropriately managed



Although Wilshire will have new shareholders, **our mission** to provide objective, independent advice to our clients remains constant



The **current client team** will continue to provide CalPERS with the same world class service that we have for more than three decades



The **management team and ownership** are focused on ensuring that Wilshire maintains and continues to grow its reputation as a world-class, California-based independent advisor





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