

NIKKO AM MULTI-STRATEGY FUND

Monthly Fact Sheet

Why Nikko Asset Management NZ?

As a dedicated global investment manager Nikko AM NZ pairs local knowledge and experience with significant global resources. The Nikko group manages around US\$200 billion globally, including around NZ\$5 billion in New Zealand.

Fund overview

The Fund provides access to a multi-manager, multi-strategy investment fund designed to generate returns over the long term. The portfolio has a diversified risk profile with low to medium volatility.

Benchmark

Bloomberg NZBond Bank Bill Index plus 3.0% per annum

Performance objective

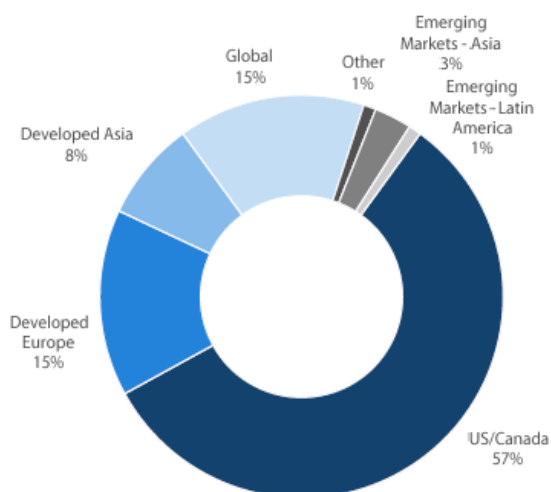
The aim is to outperform the fund's benchmark return before fees, expenses and taxes over a rolling three year period.

Risk indicator



Standard deviation of returns before tax and after fees over a rolling 5 years to the last calendar quarter

Country allocation



Investment manager

The Multi-Strategy Fund invests into JP Morgan Alternative Asset Management (JPMAAM) Inc's Multi-Strategy Fund II, Ltd (MSF II).

Performance returns

	Gross ¹	Benchmark	Net ²
1 month	0.28%	0.38%	-0.22%
3 months	1.16%	1.12%	0.48%
1 year	5.48%	4.60%	3.61%
2 years	4.40%	4.92%	2.79%
3 years (pa)	4.72%	5.32%	3.93%
5 years (pa)	7.55%	5.40%	
10 years (pa)	6.44%	6.18%	

1. Estimated gross returns are before tax and before the deduction of fees.
2. Net returns are before tax but after the deduction of fees and expenses.

Application & redemption schedule*

Applications – the date application money needs to be deposited to the Public Trust application account. (PIP or custodian may require an earlier date)

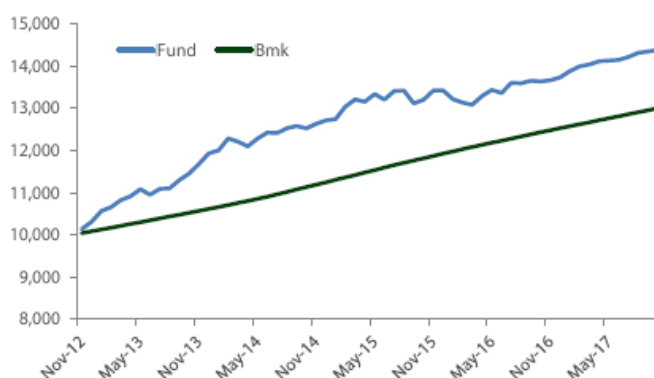
14 December 2017	12 February 2018
12 January 2018	14 March 2018

Redemption request date	Redemption date
Request submitted to Nikko – PIP or custodian may require it earlier	From MSFII by the Nikko AM Wholesale Multi-Strategy Fund

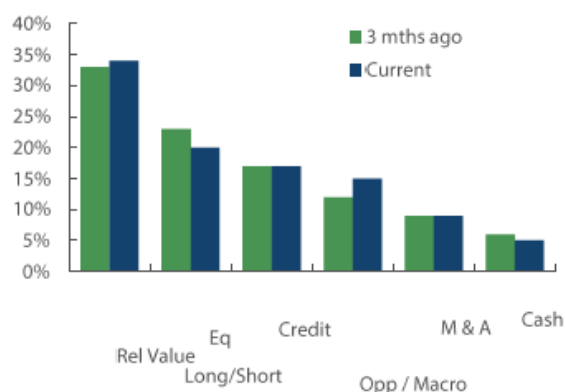
15 January 2018	31 March 2018
16 April 2018	30 June 2018

Please refer to the fund's Product Disclosure Statement at www.nikkoam.co.nz for more information.

Five year cumulative performance (gross) ¹



Portfolio composition by strategy



Performance contribution by strategy

Strategy	Number of funds	Latest month	Cal YTD
Relative Value	10	0.21%	0.53%
Long / Short Equities	8	0.14%	3.30%
Opportunistic / Macro	5	-0.20%	-0.01%
Credit	7	-0.12%	-0.08%
Merger Arbitrage / Event Driven	2	0.17%	0.33%
Portfolio Hedge	1	-0.01%	-0.08%

Key fund facts

Strategy launch date

June 2008

FUM Strategy

\$195m

Fund structure

PIE fund – wholesale and retail

Fees in retail fund:

Expenses (maximum) 0.25%p.a

Expenses (current) 0.11%p.a

There are no direct charges or fees in the Nikko AM Wholesale Multi-Strategy Fund.

Performance Fee:

A performance fee of 10% of US dollar returns above US 3-month T-Bill + 3% after all fees accrued on a monthly basis, payable annually, subject to recovery of any previous Period negative returns before

entitlement is charged by JP Morgan Alternative Asset Management Inc in the JPM Multi-Strategy Fund II, Ltd (JPMAAM MSFII)

Management fee:

Management fee 0.85%p.a

charged by JPMAAM MSF II. Expenses may also be charged to JPMAAM MSFII.

Distributions

Does not distribute

Benchmark

Bloomberg NZBond Bank Bill Index plus 3.0% per annum

Hedging

All investments will be in New Zealand dollars

Buy/sell spread

Nil

Fund commentary (source: JPMAAM for underlying USD shareclass)

The **Relative Value** strategy (October: +1.39% vs. HFRX Relative Value +0.52% IYTD: +2.89% vs. +3.38%) was up for the month with the largest gains coming from a Multi-Strategy manager focused on Asia. The manager made money in a Hong Kong based company that resumed trading in October. While trading in the name was suspended, the manager purchased shares at a significant discount from a distressed seller. Within RV, a Volatility Event manager made money trading volatility around health care events. The **Opportunistic/Macro** strategy (October: -0.32% vs. HFRX Macro +1.92% IYTD: -0.47% vs. +1.83%) was slightly lower for the month. An Opportunistic manager made money in equities, short US rates and Eurodollar positions, while a Discretionary Macro manager profited from Japanese and European equities. These gains, however, were offset by losses in Reinsurance and a quant manager that trades futures with a short-term time horizon. The **Long/Short Equities** strategy (October: +0.03% vs. HFRX Equity Hedge +0.79% IYTD: +15.31% vs. +7.91%) was flattish for the month with gains in several managers and one outlier to the negative side. A manager focused on small cap companies in Europe profited from a meal delivery company that posted strong revenue growth, a Spanish theme park operator that announced a key partnership and a short position in a specialty retailer that fell after a large sale by a key shareholder. A Global manager profited from an Indian telecom company that made an acquisition and a mega-cap online retailer that posted strong earnings. An Activist manager made money in a UK-based manufacturer of engines and from strong earnings in a US data storage company and a mega-cap tech company. Offsetting most of these gains were losses from a technology, media and telecom specialist that lost money in a printing technology company that announced weaker than expected earnings. **Merger Arbitrage/Event Driven** managers (October: +0.76% vs. HFRX Event Driven -0.13% IYTD: +4.37% vs. +6.44%) were up with key gains in a Multi-Event Driven manager that profited from a Spanish construction company that is divesting a business and a merger arbitrage position in a semiconductor company that traded past its deal price. **Credit managers** (October: -7.98% vs. HFRX Distressed -0.69% IYTD: -2.44% vs. +1.72%) were down for the month. The biggest detractors lost money primarily on the general obligation debt of Puerto Rico as the cash-strapped island seeks to recover from the devastating impact of Hurricane Maria. Partially offsetting these losses were gains in our Litigation Finance manager. Finally, our **Portfolio Hedge** manager was negative as the S&P 500 rose +2.3% and the VIX rose modestly from 9.5 to 10.2.

Compliance

The Fund complied with its investment mandate, SIPO and Trust Deed during the month.

Contact Us

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Important Information

All information and data is based on the most recently available, chart data is typically based on one month prior to the date shown at the top of this fund summary, performance by strategy and commentary is based on the current month using month end estimates. Index comparisons within the commentary are based on the relevant Index as determined by JP Morgan Alternative Assets Management Inc. they are not the Benchmark of the Nikko AM Multi-Strategy Fund which is determined on page 1. This document is issued by Nikko Asset Management New Zealand Limited (Company No. 606057, FSP No. FSP22562), the investment manager of the Nikko AM NZ Investment Scheme and the Nikko AM NZ Wholesale Investment Scheme. This information is for the use of researchers, financial advisers and wholesale clients. This material has been prepared without taking into account a potential investor's objectives, financial situation or needs and is not intended to constitute personal financial advice, and must not be relied on as such. Recipients of this document, who are not wholesale investors (in accordance with Schedule 1, Clause 3 Financial Markets Conduct Act 2013), or their duly appointed agent, should consult an Authorised Financial Adviser and the relevant Product Disclosure Statement. Past performance is not a guarantee of future performance. While we believe the information contained in this presentation is correct at the date of presentation, no warranty of accuracy or reliability is given and no responsibility is accepted for errors or omissions including where provided by a third party. For full details on the fund, please refer to our Product Disclosure Statement on nikkoam.co.nz.