

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

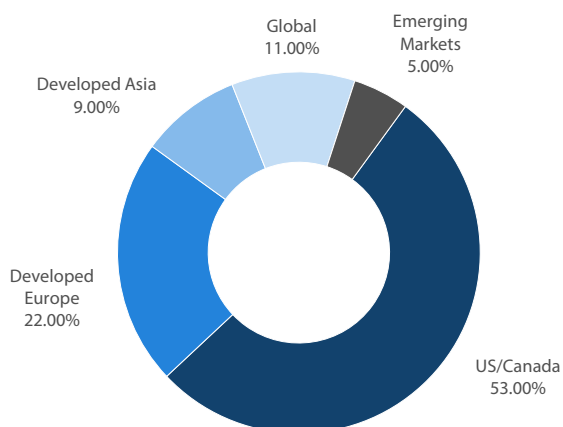
The aim is to outperform the fund's benchmark return before fees, expenses and taxes over a rolling three year period.

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	0.13%	0.37%	-0.06%
3 months	0.17%	1.12%	-0.11%
1 year	4.59%	4.56%	3.22%
2 years	3.44%	4.81%	2.43%
3 years (pa)	4.15%	5.21%	3.18%
5 years (pa)	6.86%	5.37%	
10 years (pa)	6.37%	6.06%	

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.

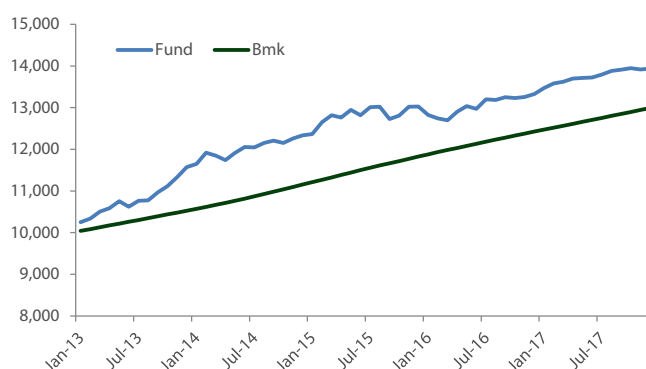
Application & redemption schedule*

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

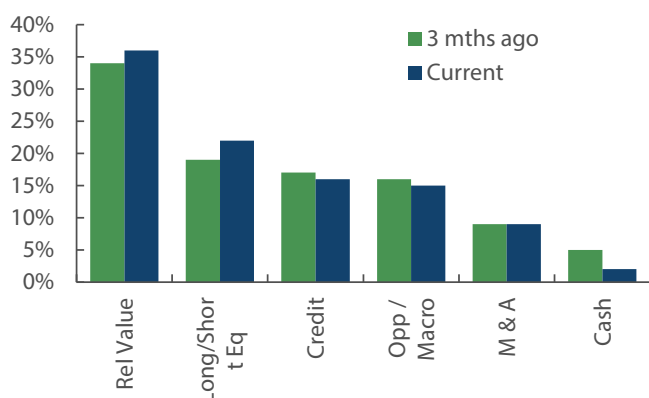
12 February 2018	13 April 2018
14 March 2018	15 May 2018
Redemption request date Request submitted to Nikko – PIP or custodian may require it earlier	Redemption date From MSFII by the Nikko AM Wholesale Multi-Strategy Fund
16 April 2018	30 June 2018
16 July 2018	30 September 2018

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	11	0.01%	1.05%
Long / Short Equities	9	-0.10%	3.41%
Opportunistic / Macro	5	-0.14%	-0.22%
Credit	7	-0.02%	-0.48%
Merger Arbitrage / Event Driven	2	-0.21%	0.20%
Portfolio Hedge	1	0.00%	-0.09%

Key fund facts

Strategy launch date

June 2008

FUM Strategy

\$198.6m

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 MSFI)

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

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.

Fund commentary (source: JPMAAM for underlying USD shareclass)

The **Relative Value** strategy (December: -0.04% vs. HFRX Relative Value +0.67% / YTD: +2.86% vs. +3.80%) was slightly lower for the month. The largest detractor was a Volatility Event fund that lost money as several larger positions sold off. Multi-Strategy Funds added to performance overall. Quantitative managers added to performance with gains in machine learning strategies across time horizons, which more than offset losses in a medium-term fund.

The **Opportunistic/Macro** strategy (December: -0.28% vs. HFRX Macro +0.82% / YTD: -1.70% vs. +2.51%) was negative for the month. Reinsurance experienced losses from the California wildfires and from the refinement of previous loss estimates. Mostly offsetting these losses were gains in an Opportunistic manager that made money primarily from long equity positioning.

The **Long/Short Equities** strategy (December: +0.53% vs. HFRX Equity Hedge +1.03% / YTD: +16.43% vs. +9.98%) was up for the month, finishing a strong year. The biggest contributor was an Activist manager that made money in a US media company that agreed to divest a significant portion of their business, a credit card company that reported strong sales and a data storage company that announced cost cutting exercises. Non-US managers also added to performance. A fund focused on European small caps made money in a food delivery service and a business consulting firm, and an Asian fund profited from a Chinese online marketplace. Partially offsetting these gains were losses in a sector specialist that lost money in a pharmaceutical company and a short position in a Japanese game maker.

The **Merger Arbitrage/Event Driven** strategy (December: +0.61% vs. HFRX Event Driven +0.39% / YTD: +3.06% vs. +6.48%) was up for the month. The only meaningful contributor was a Multi-Event Driven manager that made money in a merger arbitrage deal where the spread tightened and in an energy company that called off an acquisition.

Credit managers (December: +0.16% vs. HFRX Distressed +0.92% / YTD: -2.55% vs. +3.14%) were slightly higher for the month. Gains came from a litigation finance strategy, a structured credit fund focused on CLO and CMBS markets and a Corporate-Litigation/Liquidation fund. The biggest detractor was a Corporate-Distressed manager that has maintained short exposure to high yield markets.

Finally, our **Portfolio Hedge** manager was negative as the S&P 500 rose +1.1% and the VIX fell modestly from 11.3 to 11.0.

Compliance

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