

# 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

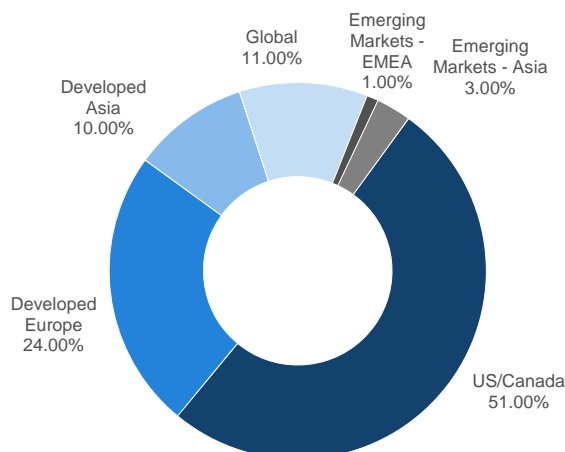
The aim is to outperform the fund's benchmark return before fees, expenses and taxes over a rolling three year period.

### 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 <sup>1</sup>	Benchmark	Net <sup>2</sup>
1 month	1.44%	0.37%	1.41%
3 months	1.37%	1.11%	1.53%
1 year	4.94%	4.54%	3.93%
2 years	5.00%	4.77%	3.62%
3 years (pa)	4.57%	5.16%	3.32%
5 years (pa)	6.64%	5.36%	
10 years (pa)	6.44%	6.00%	

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)

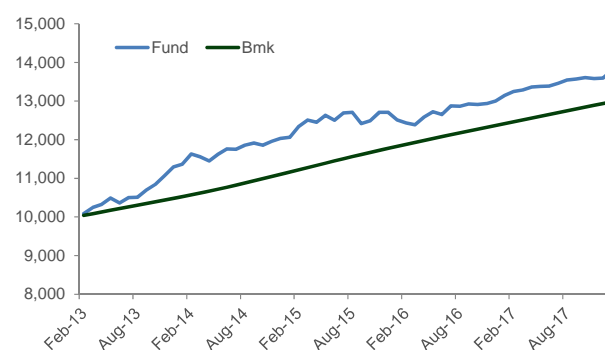
14 March 2018	15 May 2018
13 April 2018	13 June 2018

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

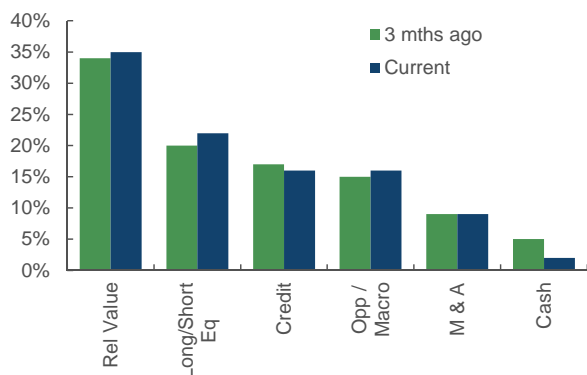
16 April 2018	30 June 2018
16 July 2018	30 September 2018

Please refer to the fund's Product Disclosure Statement at [www.nikkoam.co.nz](http://www.nikkoam.co.nz) for more information.

### Five year cumulative performance (gross)<sup>1</sup>



## Portfolio composition by strategy



## Performance contribution by strategy

Strategy	Number of funds	Latest month	Cal YTD
Relative Value	12	-0.01%	1.04%
Long / Short Equities	9	0.13%	3.54%
Opportunistic / Macro	5	-0.04%	-0.26%
Credit	7	-0.07%	-0.55%
Merger Arbitrage / Event Driven	2	0.07%	0.28%
Portfolio Hedge	1	-0.01%	-0.09%

## Key fund facts

### Strategy launch date

June 2008

### FUM Strategy

\$202m

### Fund structure

PIE fund – wholesale and retail

### Fees in retail fund:

Expenses (maximum) 0.25%p.a

Expenses (current) 0.08%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 (January: +2.51% vs. HFRX Relative Value +1.09%) was up for the month with gains across quantitative, multi-strategy and volatility-focused funds. Within quant, two funds run by the same manager were key contributors. These funds employ a machine learning approach to trading primarily US equities with one fund utilizing a short-term time horizon and the other using a medium-term horizon. Within multi-strategy, three funds added meaningfully. One fund added to returns with gains in its systematic futures book (short interest rates) and in equities. A second fund was positive in all underlying strategies with the biggest gains in long/short equities. Another Multi-Strat made money on an equity activist position in Japan and an equity trade in South Africa. Lastly, a Volatility Arbitrage fund generated strong returns across single stock volatility, macro volatility and US quant equity strategies.

The **Opportunistic/Macro** strategy (January: +1.86% vs. HFRX Macro +3.80%) was up for the month. The biggest contributor was an Opportunistic manager with gains in equities (cash equities and futures) and short interest rate positions.

The **Long/Short Equities** strategy (January: +3.33% vs. HFRX Equity Hedge +3.41%) is off to another solid start in 2018 with broad-based gains. Contributors included: 1) a technology, media and telecom fund that made money in a company that owns a number of internet properties and a software security firm, both of which rose on little news; 2) a European-focused manager that made money on an online advertising company and a short position in an apparel company that announced falling revenues; 3) a Flexible Net manager in the US that profited from a health care company that completed an acquisition and a hospital operator that announced strong earnings and initiated a dividend.

The **Merger Arbitrage/Event Driven** strategy (January: +1.85% vs. HFRX Event Driven +1.76%) was up for the month with gains in Multi-Event Driven managers. One manager profited from a deal spread involving two US media companies and a long position in a mega cap online retailer. Another manager saw gains from positions in an online media company, a US telecom and a US hotel operator.

**Credit** managers (January: +0.93% vs. HFRX Distressed +1.52%) were higher for the month with key contributions coming from debt positions in Puerto Rico which traded up slightly off all-time lows. Finally, our **Portfolio Hedge** manager was slightly negative as the S&P 500 rose +5.7% and the VIX rose only modestly from 11.0 to 13.5.

## 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.