

# 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

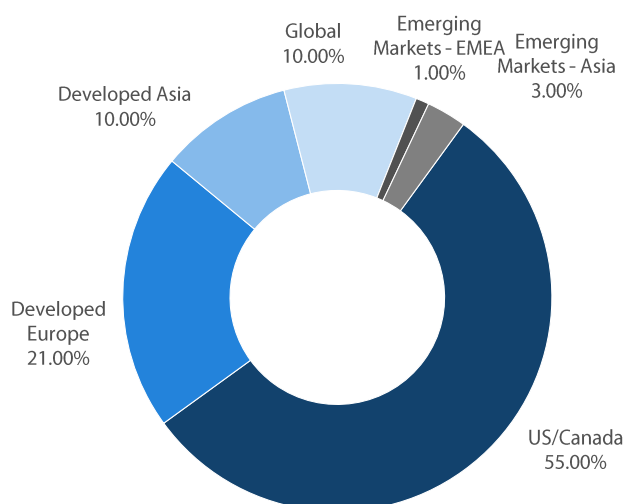
The aim is to outperform the fund's benchmark return before fees, expenses and taxes over a rolling three year period.

### Risk indicator



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

### Geographical allocation



### Investment manager

The Multi-strategy Fund invests into the JP Morgan Alternative Asset Management Hedge Fund Solutions (JPMAAM HFS) Multi-strategy Fund II, Ltd (MSF II). JPMAAM HFS is led by CEO and CIO Paul Zummo who co-founded the business in 1994 and is still head of the Portfolio Management Group and chairs the JPMAAM HSF Investment Committee. Paul has over 25 years industry experience and is a member of the CFA Institute.

### Performance returns

	Gross <sup>1</sup>	Benchmark	Net <sup>2</sup>
1 month	-0.34%	0.39%	-1.29%
3 months	1.95%	1.22%	0.04%
1 year	4.50%	4.79%	1.61%
2 years	5.52%	4.86%	3.77%
3 years (pa)	3.90%	5.20%	2.51%
5 years (pa)	6.54%	5.40%	
10 years (pa)	6.35%	5.97%	

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.

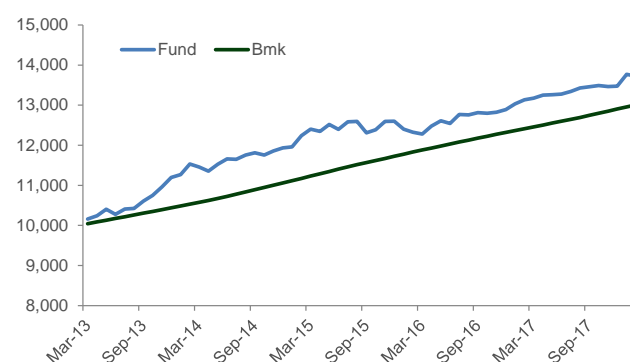
### Application & redemption schedule\*

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

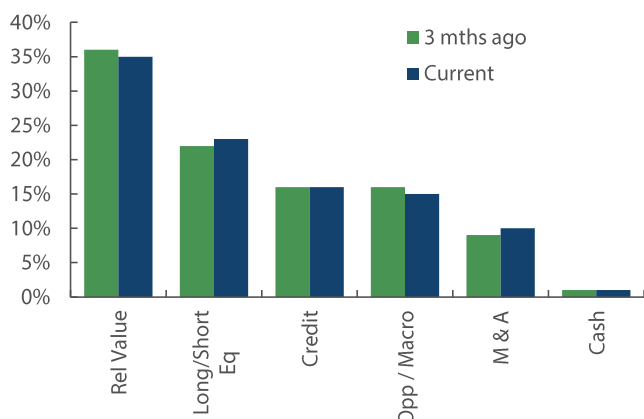
13 April 2018	13 June 2018
15 May 2018	13 July 2018
<b>Redemption request date</b>	<b>Redemption date</b>
Request submitted to Nikko – PIP or custodian may require it earlier	From MSFII by the Nikko AM Wholesale Multi-Strategy Fund
16 April 2018	30 June 2018
16 July 2018	30 September 2018

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>



## Strategy allocation



## Performance contribution by strategy

Strategy	Number of funds	Latest month	Cal YTD
Relative Value	13	0.85%	0.85%
Long / Short Equities	11	0.77%	0.77%
Opportunistic / Macro	5	0.28%	0.28%
Credit	7	0.16%	0.16%
Merger Arbitrage / Event Driven	2	0.23%	0.23%
Portfolio Hedge	1	-0.01%	-0.01%

## Key fund facts

### Strategy launch date

June 2008

### FUM Strategy

\$173.9m

### 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 (February: +0.33% vs. HFRX Relative Value +0.23% / YTD: +2.72% vs. +1.32%) was positive for the month as Statistical Arbitrage managers held up well in a difficult month for traditional assets. Managers made money across short and medium time horizons and across implementations (prior-based and machine learning). These strategies are generally market neutral and, as a result, were not disrupted by the spike in market volatility. Volatility Arbitrage and Volatility Event strategies also did well during the month partially as a result of the choppiness in markets. Offsetting some of these gains was an Asian-focused Multi-Strategy Fund that lost money in an activist position in Japan.

The **Opportunistic/Macro** strategy (February: -0.73% vs. HFRX Macro -4.86% / YTD: +0.65% vs. -1.24%) was negative for the month, but outperformed the strategy index. The biggest detractor was an Opportunistic manager that lost money in cash equities, futures and European rates. The other key detractor was a Quantitative/CTA manager that lost money in short-term trend following strategies. Partially offsetting these losses were gains in a Discretionary Macro manager that made money short US rates, long European rates and short the Euro. The **Long/Short Equities** strategy (February: -1.69% vs. HFRX Equity Hedge -1.49% / YTD: +1.53% vs. +1.87%) was down for the month, but remains positive YTD. The biggest detractor was a Flexible Net manager that lost money in a chemical company seeking to divest a business line, a specialty pharmaceutical company that fell on analyst downgrades and a pharmacy retailer that offered weaker than expected earnings guidance. An Activist lost money on earnings misses at an asset manager and a specialty pharmaceutical company. Lastly, a manager primarily focused on Technology, Media and Telecom companies lost money in a cable and internet service provider that made a large offer for a European peer and a biopharmaceutical company that saw a delay in approval for a key drug. The **Merger Arbitrage/Event Driven** strategy (February: -1.65% vs. HFRX Event Driven -4.38% / YTD: +0.49% vs. -2.70%) was down for the month with losses in two Multi-Event Driven funds, one focused in the US and one in Europe. The US fund lost money in a homebuilder as US home sales weakened and an online travel website that posted weaker than expected quarterly results. The European fund lost money in an energy company being targeted by an activist investor and a Canadian gold miner that announced weaker than expected earnings. **Credit** managers (February: +1.08% vs. HFRX Distressed -1.15% / YTD: +2.06% vs. +0.36%) were positive for the month with key gains coming from debt positions in Puerto Rico which traded up off low levels during the month. Finally, our **Portfolio Hedge** manager was positive as the S&P 500 fell -3.7% and the VIX spiked from 13.5 to 19.9.

## 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](http://nikkoam.co.nz).