

Factsheet 31 August 2018

NIKKO AM MULTI STRATEGY

Applies to: Nikko AM Wholesale Multi-Strategy Fund and Nikko AM Multi-Strategy Fund (retail)

Performance

	1 month	3 months	1 year	3 years (p.a)	5 years (p.a)	10 years (p.a)
Wholesale ¹	0.72%	1.09%	4.66%	3.72%	6.16%	6.65%
Benchmark ²	0.37%	1.13%	4.71%	4.89%	5.31%	5.60%
Retail ³	0.26%	1.47%	3.34%	2.21%		

1. Returns are before tax and before the deduction of fees

2. Benchmark: Bloomberg NZBond Bank Bill Index plus 3.0% per annum. No tax or fees

3. Returns are before tax and after the deduction of fees and expenses and including tax credits (if any)

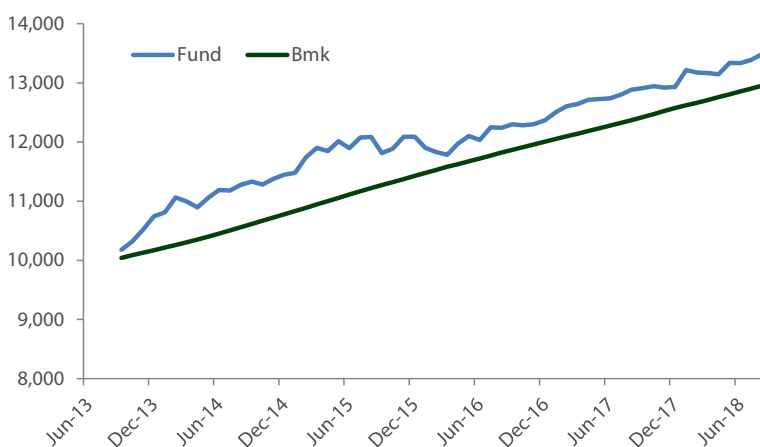
Application and Redemption Schedule

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

12 October 2018	13 December 2018
13 November 2018	22 January 2019
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
15 October 2018	31 December 2018
15 January 2019	31 March 2019

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

Five Year Cumulative Performance^{1,2}



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 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.

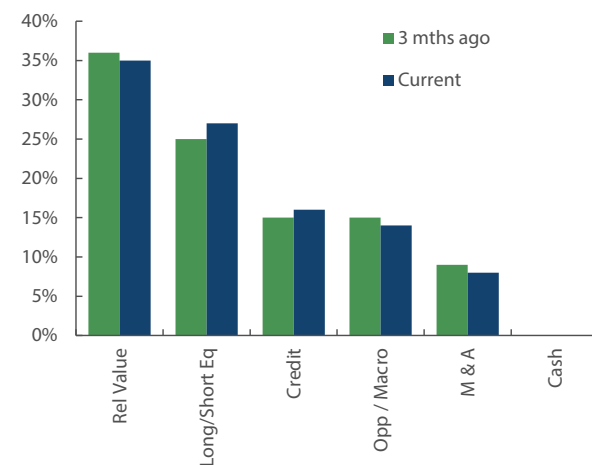
Overview

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.

Objective

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

Strategy Allocation (by value of fund)



Performance Contribution by Strategy

Strategy	No. of funds	Cal YTD
Relative Value	11	1.77%
Long / Short Equities	11	1.18%
Opportunistic / Macro	4	0.58%
Credit	5	0.62%
Merger Arbitrage / Event Driven	2	-0.67%
Portfolio Hedge	1	-0.01%

Information shown in the table above is for the month prior to the date of this fact sheet

Fund Commentary (source: JPMAAM for underlying USD share class)

The **Relative Value** strategy (August: +1.37% vs. HFRX Relative Value +0.31%) was positive for the month, with gains in Quant and mixed results in Multi-Strategy managers. Within Quant, managers made money across time horizons (short and medium-term) and implementation techniques (machine learning and prior-based). Within Multi-Strategy, a manager that focuses on quantitative strategies in equity, fixed income and commodity markets made money primarily in its Equity Arbitrage strategy with additional gains coming from its Energy and Futures strategy. Partially offsetting these gains were losses in an Asia-focused Multi-Strategy fund that lost money on short positions in Chinese retail names.

The **Opportunistic/Macro** strategy (August: +0.21% vs. HFRX Macro +2.41%) was up for the month with gains in a Reinsurance manager that accrued premium in the absence of meaningful loss events. Additional gains came from a Discretionary Macro manager that made money in fixed income (directional US and global relative value trading) and equity (primarily US). These gains were partly offset by an Opportunistic manager that lost money in ETF/futures and rates trades.

The **Long/Short Equities** strategy (August: +1.00% vs. HFRX Equity Hedge -0.23%) was positive for the month. The biggest contributor was a technology, media and telecom specialist who made money in a tech company that reported strong earnings results and a gaming developer that announced a key partnership. Also contributing was a Global manager that profited from a software company after the announcement of a key acquisition and a European manager that profited from a long position in a fitness firm that announced a strong earnings result. Partly offsetting these gains were losses in a healthcare focused fund that lost money in a biotech name after a poor earnings result.

The **Merger Arbitrage/Event Driven** strategy (August: -0.25% vs. HFRX Event Driven -0.03% / YTD: -6.76% vs. -5.04%) was down for the month with losses coming from a Multi-Event Driven manager that lost money in a casino and gaming company after a weaker than expected earnings result.

Credit managers (August: -0.26% vs. HFRX Distressed +0.22%) were negative with losses coming primarily from our Litigation Finance strategy. Partly offsetting these losses were gains in a Corporate Distressed manager that profited from long positions in Puerto Rico and short positions in Turkey.

Finally, our **Portfolio Hedge** manager was negative as the S&P 500 rose +3.26% and the VIX rose moderately from 12.8 to 12.9.

Key Fund Facts

Distributions

Generally does not distribute

Performance fee

A performance fee of 10% of US dollar returns above US 3-month T-Bill + 3%pa 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)

Hedging JPMAAM hedges all currency exposure back to NZ dollars.

Estimated annual fund charges

Wholesale: Negotiated outside of unit price
 Retail: 0.08%, refer PDS for more details
 JPMAAM MSFII Management fee 0.85%p.a
 Expenses may also be charged to JPMAAM MSFII.

Buy / Sell spread:	Strategy size	Strategy Launch
0.00% / 0.00%	\$182.7m	June 2008

Compliance

The Fund complied with its investment mandate and trust deed during the month.

Contact Us

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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, the Nikko AM NZ Wholesale Investment Scheme and the Nikko AM KiwiSaver 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.