

NIKKO AM MULTI STRATEGY

Applies to: Nikko AM Wholesale Multi-Strategy Fund and Nikko AM Multi-Strategy Fund (retail) - the retail fund is in wind up and closed for applications.

Performance

| | 1 month | 3 months | 1 year | 3 years (p.a) | 5 years (p.a) | 10 years (p.a) |
|------------------------|---------|----------|--------|---------------|---------------|----------------|
| Wholesale ¹ | -2.14% | -1.67% | 1.70% | 3.46% | 5.00% | 7.43% |
| Benchmark ² | 0.41% | 1.23% | 5.04% | 4.99% | 5.37% | 5.53% |
| Retail ³ | 0.31% | 0.56% | 3.32% | 2.95% | | |

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)

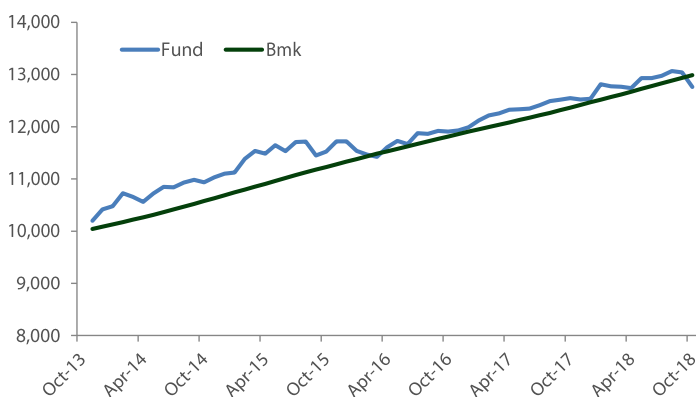
Application and Redemption Schedule (Wholesale Investors)

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

| | |
|--------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|
| 13 December 2018 | 15 February 2019 |
| 13 January 2019 | 14 March 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 January 2019 | 31 March 2019 |
| 15 April 2019 | 30 June 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 Wholesale 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.

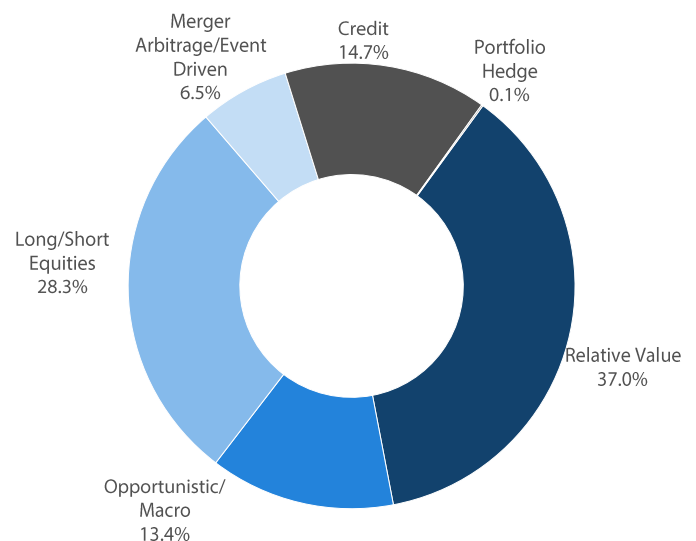
Overview

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 | 2.33% |
| Long / Short Equities | 11 | 1.18% |
| Opportunistic / Macro | 4 | 0.54% |
| Credit | 5 | 0.57% |
| Merger Arbitrage / Event Driven | 1 | -0.61% |
| Portfolio Hedge | 1 | -0.02% |

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 (October: -0.30% vs. HFRX Relative Value -1.04% / YTD: +6.51% vs. +1.54%) was negative for the month with mixed results in Multi-Strategy and Quant managers, and positive results in Volatility managers. Within Multi-Strategy, one manager was up with gains in its equity volatility and investment grade fixed income strategies. Offsetting these gains were an Asia-focused Multi-Strategy Fund that lost money in Activist positions and a Multi-Strategy Fund that focuses on quantitative strategies in equity, fixed income and commodity markets that experienced losses in its equity strategy. Within Quant, managers finished flattish with mixed results across time horizons (short and medium-term) and implementation techniques (machine learning and prior-based).

Within Volatility strategies, a Volatility-Event manager profited from index hedges and a position in a biotechnology company that announced positive trial results for a key drug. The **Opportunistic/Macro** strategy (October: -1.66% vs. HFRX Macro -2.65% / YTD: +1.52% vs. -3.80%) was down for the month with losses from an Opportunistic manager that lost money in its equities book and a Reinsurance manager that was down modestly following the impact of Hurricane Michael. The **Long/Short Equities** strategy (October: -6.20% vs. HFRX Equity Hedge -3.95% / YTD: -1.80% vs. -4.81%) was negative for the month. The largest detractor was a European manager that operates two funds in the region, one focused on large cap companies and one on smaller companies. The large cap fund lost money in an online food ordering company that fell after announcing a plan to increase spending and a medical device company that fell following an analyst downgrade coupled with the departure of its CEO. The small cap manager lost money in an airline company after it announced a negative profit revision. Also detracting were an Activist and a Global manager that both lost money in an engine maker after the firm announced it would miss a key production target. Additional losses came from an Asia-focused fund with a position in an Indian commercial bank after the company announced that it held unfavorable loan exposure and a healthcare sector specialist that lost money in a biopharmaceutical company after a competitor announced positive results for a competing drug. The **Merger Arbitrage/Event Driven** strategy (October: -0.23% vs. HFRX Event Driven -4.57% / YTD: -5.90% vs. -9.83%) was down for the month with losses in a Multi-Event Driven manager that lost money in a casino and gaming company after it rejected a buyout offer and a home construction company after a weaker than expected earnings result. Partly offsetting these losses were gains in an appraisal rights co-invest trade that traded up after a favorable ruling. **Credit managers** (October: -1.13% vs. HFRX Distressed -1.23% / YTD: +2.39% vs. -6.76%) were down with losses coming primarily from a liquidating position. Partly offsetting these losses were gains in a Corporate Credit Relative Value strategy that profited from tactical trading in investment grade fixed income.

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: In wind up, closed for applications
 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% | \$179.9m | 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.