

Factsheet 31 January 2019

NIKKO AM WHOLESALE MULTI STRATEGY FUND

Performance

	1 month	3 months	1 year	3 years (p.a)	5 years (p.a)	10 years (p.a)
Wholesale ¹	2.14%	0.44%	0.04%	3.57%	4.11%	8.09%
Benchmark ²	0.42%	1.25%	5.05%	4.94%	5.36%	5.41%

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

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).

14 March 2019	12 May 2019
12 April 2019	13 June 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 July 2019	30 September 2019
15 October 2019	31 December 2019

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.

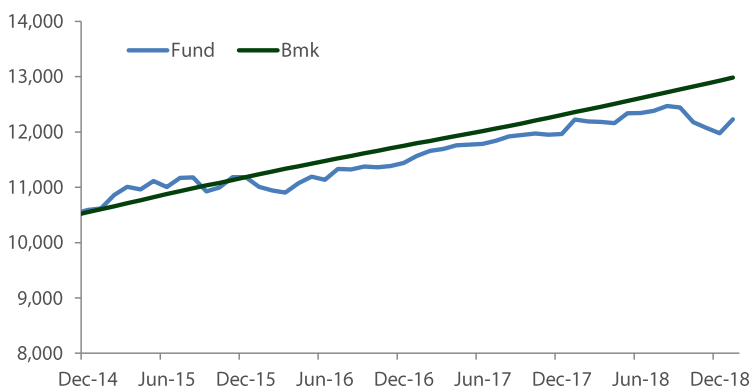
Overview

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.

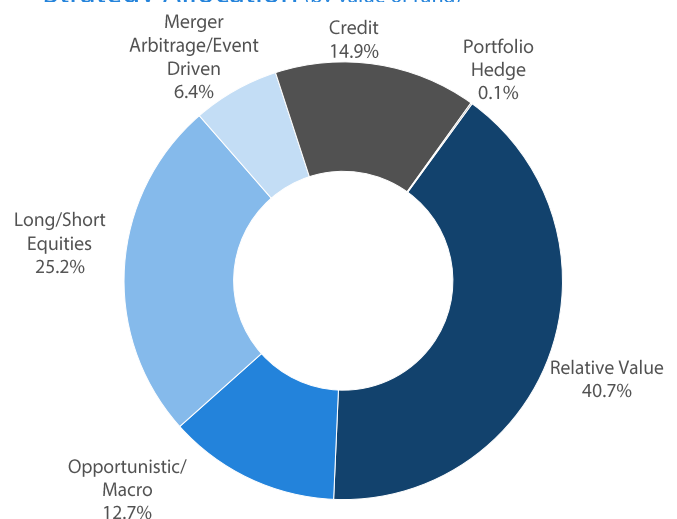
Objective

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

Five Year Cumulative Performance^{1,2}



Strategic Allocation (bv value of fund)



Performance Contribution by Strategy

Strategy	No. of funds	Cal YTD
Relative Value	12	2.17%
Long / Short Equities	10	-1.54%
Opportunistic / Macro	3	-0.03%
Credit	5	0.55%
Merger Arbitrage / Event Driven	1	-0.91%
Portfolio Hedge	1	-0.03%

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 (January: +0.83% vs. HFRX Relative Value +2.48%) was positive for the month with strong results in Multi-Strategy managers and varied results in Quant managers. Within Multi-Strategy, one manager that focuses on quantitative strategies in equity, fixed income and commodity markets experienced gains in its equity arbitrage and systematic futures strategies and an Asia-focused manager profited from a strategic long position in a Chinese manufacturing company. Within Quant, managers made money across implementation techniques (machine learning and prior based), with short-term strategies outperforming medium-term strategies.

The **Opportunistic/Macro** strategy (January: +2.08% vs. HFRX Macro -1.91%) was positive for the month with gains in an Opportunistic manager who profited from its equity book and a Discretionary Macro manager that profited from directional global equity and fixed income positions. Partly offsetting these gains were losses in a Reinsurance manager that was down due to the adjustment of loss estimates for 2018. The **Long/Short Equities** strategy (January: +5.77% vs. HFRX Equity Hedge +3.92%) was positive for the month. The largest contributors were an Activist manager who made money in a multinational investment bank after a strong earnings result and a Flexible Net manager who made money in a fintech company that announced it's getting acquired. Additional gains came from a technology, media and telecom specialist who made money in a Russian internet services company which rose after a key analyst upgrade and an Asia-focused fund that profited from a Chinese e-commerce company which rose following positive developments in US/China trade relations. A European-focused manager that operates two funds in the region, one focused on large cap companies and one on smaller companies, also contributed. The large cap fund made money in a luxury sports car manufacturer which announced a strong earnings result. The small cap fund made money in a construction materials manufacturer that also reported a strong earnings result. The **Merger Arbitrage/Event Driven** strategy (January: +4.90% vs. HFRX Event Driven +2.53%) was positive for the month with the largest gains coming from an event driven co-invest trade. Additional gains came from a Multi-Event Driven manager who made money in a multi-national industrial company which rose following a strong earnings result and a casino operator which rose after a key Activist investor announced a position on the company's board. **Credit** managers (January: -0.38% vs. HFRX Distressed +2.48%) were negative with losses coming from a Corporate Credit Relative Value manager who lost money in tactical investment grade fixed income trading. Losses were partly offset by gains in a Structured Credit manager who made money in CLO and non-investment grade fixed income positions. Finally, our **Portfolio Hedge** manager was negative as the S&P 500 rose +8.01% and the VIX fell from 25.4 to 16.6.

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: None

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%	\$170.23m	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.