

Performance Contribution by Strategy

Strategy	No. of funds	Cal YTD
Relative Value	10	1.77%
Long / Short Equities	9	2.13%
Opportunistic / Macro	3	0.41%
Credit	4	0.24%
Merger Arbitrage / Event Driven	2	0.50%
Portfolio Hedge	1	-0.03%

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

The **Relative Value** strategy (June: +0.57% vs. HFRX Relative Value +1.14% / YTD: +5.17% vs. +4.19%) was positive for the month with gains in Multi-Strategy and Quantitative strategies. Within Multi-Strategy, one manager was up with gains in its index event and IG credit strategies, while another manager that focuses on quantitative strategies in equity, fixed income and commodity markets was up with gains in its futures and macro strategies. Within Quant, managers made money across time horizons and implementation techniques (machine learning and prior based). A Volatility manager partially offset gains with losses in its discretionary book.

The **Opportunistic/Macro** strategy (June: +0.79% vs. HFRX Macro +2.58% / YTD: +3.70% vs. +2.58%) was positive for the month with the majority of gains coming from a Discretionary Macro manager that made money trading commodities and emerging market fixed income. Additional gains came from a Reinsurance manager that accrued premium in the absence of meaningful loss events.

The **Long/Short Equities** strategy (June: +3.06% vs. HFRX Equity Hedge +1.39% / YTD: +11.03% vs. +5.97%) was positive for the month. The largest contributors were a technology, media and telecom specialist who made money in a data visualization company that was acquired and an Activist manager who made money in a multinational investment bank that rose on the back of dovish sentiment from the Fed. A healthcare-focused manager also contributed with gains in a pharmaceutical company that announced it is being targeted for an acquisition. Additional gains came from a European-focused manager who made money in a fertilizer and industrial chemical producer that announced a strategic partnership with a key competitor, and a North American-focused manager who made money in an auto parts manufacturer that announced a key partnership with a leading ridesharing services company. Gains were partly offset by losses in a liquidating position.

The **Merger Arbitrage/Event Driven** strategy (June: +1.44% vs. HFRX Event Driven +1.66% / YTD: +10.37% vs. +2.50%) was positive for the month with gains in a co-investment trade and a Multi-Event Driven manager who made money in a pharmaceutical company that announced it is being targeted for an acquisition. Credit managers (June: -0.08% vs. HFRX Distressed N/A / YTD: +1.34% vs. N/A) were negative with losses coming primarily from a liquidating position. Losses were partly offset by gains in a Litigation Finance strategy. Our Portfolio Hedge manager was negative as the S&P 500 rose +6.89% and the VIX fell from 18.7 to 15.1.

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

Markets rose in June on the back of dovish sentiment from the Fed and optimism around US/China trade negotiations, with particularly strong gains in equity markets (MSCI World: +5.90%). Fixed income markets were also positive with the Barclays Capital Global Aggregate Bond Index up +2.22% and the Barclays Global High Yield Index up +3.18%.

Against this backdrop, the portfolio generated positive returns (+1.01%) with the largest gains coming from Long/Short Equities and Relative Value managers. While Multi-Strategy Fund II trailed the HFRX Global Hedge Fund Index (+1.61%) for the month, it remains ahead year-to-date. (+5.37% vs. +4.22%).

Key Fund Facts

Distributions

Generally does not distribute

Buy / Sell spread:

0.00% / 0.00%

Strategy Launch

June 2008

Strategy size

\$55.4m

Hedging JPMAAM hedges all currency exposure back to NZ dollars.

Estimated annual fund charges

Wholesale: None

Management fee to JPMAAM MSFII 0.85%p.a

Expenses may also be charged to JPMAAM MSFII.

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)

Compliance

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

Contact Us www.nikkoam.co.nz | nzenquiries@nikkoam.com

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.