

Factsheet 31 July 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	0.17%	0.71%	2.85%	3.97%	4.25%	7.84%
Benchmark ²	0.40%	1.21%	4.99%	4.90%	5.28%	5.36%

1. Returns are before tax and before the deduction of fees
 2. Current 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).

12 September 2019	12 November 2019
11 October 2019	13 December 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 2019	31 December 2019
15 January 2020	31 March 2020

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.

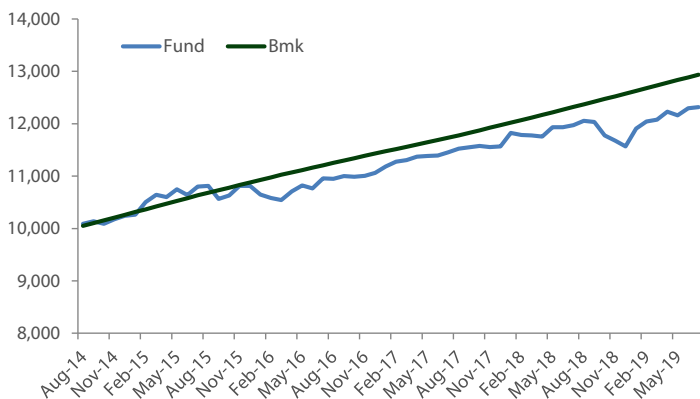
Overview

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.

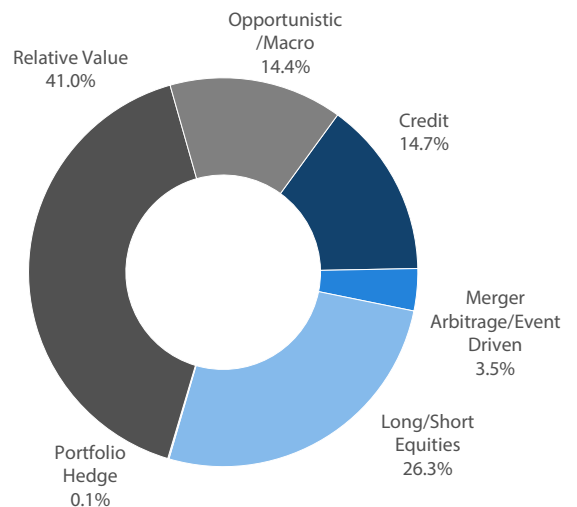
Objective

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

Five Year Cumulative Performance, \$10,000 invested^{1,2}



Strategy Allocations (by value of fund)



Fund Commentary

(source: JPMAAM for underlying USD share class)

Global markets were mixed in July as the Fed lowered US interest rates amid rising US/China trade tensions. During the month, the MSCI World was up +1.18%, the Barclays Global Aggregate Bond Index was down -0.28% and the Barclays Global High Yield Index was up +0.43%.

The **Relative Value** strategy (July: +0.10% vs. HFRX Relative Value +0.33%) was positive for the month with mixed results in Multi-Strategy and Quant managers. Within Multi-Strategy, one manager was up with gains in its US fundamental stat arb models, while another manager was down with losses in an index restructuring trade following an announcement that the restructuring will be postponed. Within Quant, results were mixed, with medium-term strategies outperforming short-term strategies. Lastly, a Volatility manager partially offset gains with losses in its discretionary and single stock volatility books.

The **Opportunistic/Macro** strategy (July: +0.53% vs. HFRX Macro +1.83%) was positive for the month with gains coming from a Discretionary Macro manager that made money in equity index trades and a Reinsurance manager that accrued premium in the absence of meaningful loss events.

The **Long/Short Equities** strategy (July: +0.21% vs. HFRX Equity Hedge +1.07%) was positive for the month. The largest contributors were a technology, media and telecom specialist who made money in an online food ordering company that was acquired and a North American-focused manager who profited in an electro-optic technology manufacturer that reported strong earnings. Additional gains came from an Activist manager who made money in a marketing services provider that reported strong earnings. Gains were partly offset by losses in an Asia-focused manager who lost money in a telecom that fell after a poor earnings result and another Asia-focused manager that lost money in an Indian bank that also reported weak earnings.

The **Merger Arbitrage/Event Driven** strategy (July: -0.28% vs. HFRX Event Driven +0.16%) was negative with modest losses in a liquidating manager position.

Credit managers (July: +0.46% vs. HFRX Distressed N/A) were positive with gains in a litigation finance strategy and a structured credit manager.

Finally, our **Portfolio Hedge** manager was negative as the S&P 500 rose +1.44% and the VIX rose only modestly from 15.1 to 16.1.

Performance Contribution by Strategy

Strategy	No. of funds	Cal YTD
Relative Value	11	1.62%
Long / Short Equities	9	2.94%
Opportunistic / Macro	3	0.53%
Credit	3	0.21%
Merger Arbitrage / Event Driven	2	0.55%
Portfolio Hedge	1	-0.04%

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

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.