

Factsheet 31 August 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 <sup>1</sup>	-0.62%	0.64%	1.02%	3.62%	3.84%	7.44%
Benchmark <sup>2</sup>	0.40%	1.19%	4.98%	4.89%	5.26%	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).

11 October 2019	13 December 2019
12 November 2019	13 January 2020
<b>Redemption request date</b> Request submitted to Nikko – PIP or custodian may require it earlier	<b>Redemption date</b> 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.

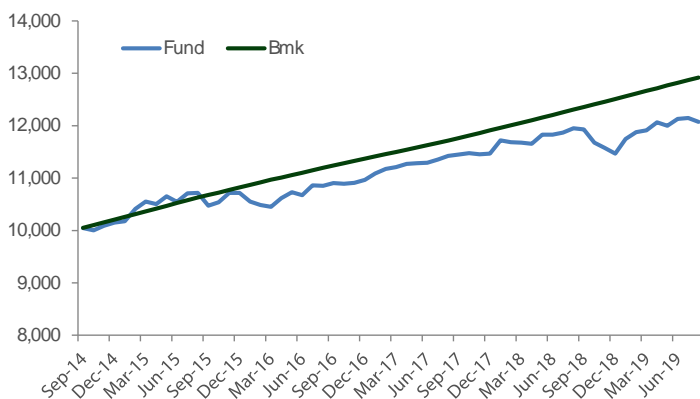
## Overview

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.

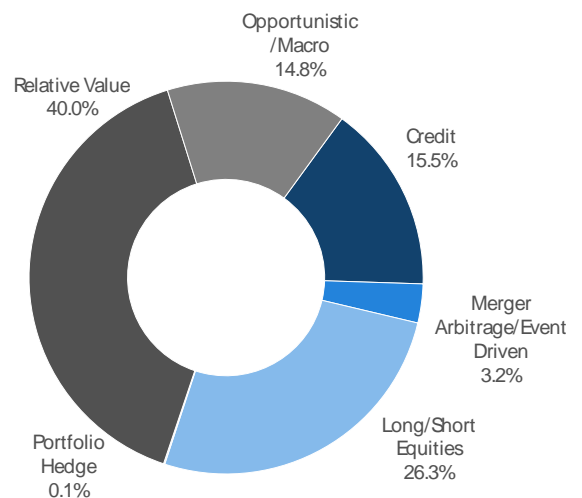
## Objective

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<sup>1, 2</sup>



## Strategy Allocations (by value of fund)



## Fund Commentary

(source: JPMAAM for underlying USD share class)

Risk assets struggled in August amid escalating US/China trade tensions, with the MSCI World down -1.95%, the Barclays Global Aggregate Bond Index up +2.03% and the Barclays Global High Yield Index down -1.56%.

Multi-Strategy Fund II was negative for the month (-0.61%), underperforming the HFRX Global Hedge Fund Index (+0.38%).

The **Relative Value** strategy (August: -0.07% vs. HFRX Relative Value -0.02%) was slightly negative for the month with mixed results in Multi-Strategy and Quant managers, and negative results in Vol managers. Within Multi-

Strategy, one manager was up with gains across its core strategies while another manager that focuses on quantitative strategies in equity, fixed income and commodity markets was down with losses in its fundamental equity strategy. Within Quant, medium-term strategies outperformed short-term strategies. Within Vol, a manager detracted with losses in its discretionary macro and volatility books.

The **Opportunistic/Macro** strategy (August: +1.08% vs. HFRX Macro) was positive for the month with gains in a Discretionary Macro manager who made money primarily from precious metals and US equity trades, and a Reinsurance manager that accrued premium in the absence of meaningful loss events. Gains were partly offset by losses in a Discretionary Macro manager who lost money in Equity and ETF trades.

The **Long/Short Equities** strategy (August: -2.40% vs. HFRX Equity Hedge -0.17%) was negative for the month. The largest detractors were a technology, media and telecom specialist who lost money in a biotechnology company that received regulatory rejection for a key drug and an Activist manager who lost money in a marketing solutions company that announced weaker than expected earnings results. Additional losses came from a healthcare-focused manager who lost money in a biopharmaceutical company that reported weaker than expected earnings results, and a Global manager who lost money in an internet-based technology company that announced weaker than expected earnings result and a potential acquisition. Losses were partly offset by gains in a North American-focused manager who made money in a hospitality specialist that rose after an Activist investor announced a position in the stock.

The **Merger Arbitrage/Event Driven** strategy (August: -0.83% vs. HFRX Event Driven +0.51%) was negative with losses in a co-investment trade. **Credit** managers (August: -0.24%) were negative with losses in a Corporate Litigation / Liquidation manager who lost money in fixed income positions in Argentina.

Finally, our **Portfolio Hedge** manager was negative as the S&P 500 fell -1.58% and the VIX rose from 16.1 to 19.0.

## Performance Contribution by Strategy

Strategy	No. of funds	Cal YTD
Relative Value	11	1.65%
Long / Short Equities	9	2.97%
Opportunistic / Macro	3	0.62%
Credit	3	0.30%
Merger Arbitrage / Event Driven	1	0.55%
Portfolio Hedge	1	-0.05%

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:** \$58.0m

**Hedging** JPMAAM hedges all currency exposure back to NZ dollars.

### 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)

### Estimated annual fund charges

**Wholesale:** None

**Management fee** to JPMAAM MSFII 0.85%p.a

Expenses may also be charged to JPMAAM MSFII.

## Compliance

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

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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](http://nikkoam.co.nz).