

Factsheet 30 September 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	-0.37%	-0.81%	0.86%	3.33%	3.66%	7.14%
Benchmark ²	0.35%	1.15%	4.91%	4.88%	5.22%	5.35%

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 November 2019	13 January 2020
13 December 2019	11 February 2020
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 2020	31 March 2020
15 April 2020	30 June 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.

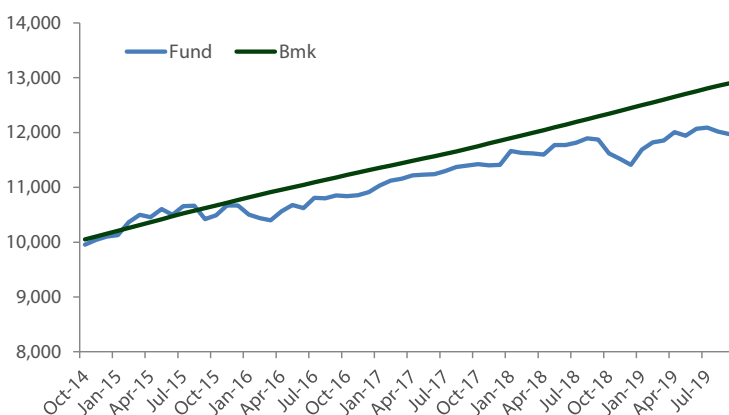
Overview

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.

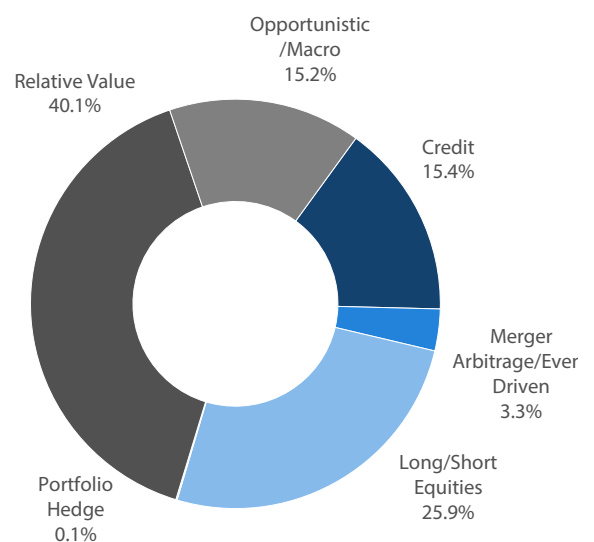
Objective

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 September amid a US interest rate cut, US political developments and ongoing trade negotiations, with the MSCI World up +2.34%, the Barclays Global Aggregate Bond Index down -1.02% and the Barclays Global High Yield Index up +0.36%. Multi-Strategy Fund II was negative for the month, underperforming the HFRX Global Hedge Fund Index (+0.45%), and is trailing the industry reference point year-to-date. (+4.19% vs. +5.90%)

The **Relative Value** strategy (September: +0.58% vs. HFRX Relative Value +0.31%) was positive for the month with positive results in Multi-Strategy and Quant managers. Within Multi-Strategy, one manager that focuses on quantitative strategies in equity, fixed income and commodity markets was up with gains in its systematic futures, equity arbitrage and energy strategies, while another manager was up with gains in its equity derivatives and event strategies. Within Quant, managers made money across time horizons and implementation techniques (machine learning and prior based).

The **Opportunistic/Macro** strategy (September: +0.02% vs. HFRX Macro -1.08%) was flat for the month with gains in a Reinsurance manager who was up despite the impacts of Hurricane Dorian and Typhoon Faxai. Gains were offset by losses in a Discretionary Macro manager who lost money in short US rates and short commodities positions.

The **Long/Short Equities** strategy (September: -1.85% vs. HFRX Equity Hedge +0.88%) was negative for the month. The largest detractors were a technology, media and telecom specialist who lost money in a media and internet company that fell after a social network company announced it would be entering its market and a Global manager who lost money in a cloud computing company that fell on little news. Additional losses came from a healthcare-focused manager who lost money in biotechnology companies that fell on US election related fears and a European-focused manager who lost money in an online food delivery company after a prominent investor announced a short position in the company. Partially offsetting losses were gains in an Activist manager who made money in an optical products manufacturer that announced a strategic share buyback plan, and an industrial product and service provider that announced strong earnings results. The **Merger Arbitrage/Event Driven** strategy (September: +0.56% vs. HFRX Event Driven +1.06%) was positive with gains in a co-investment trade. **Credit** managers were positive with gains in a Structured Credit manager and a Litigation Finance strategy.

Finally, our **Portfolio Hedge** manager was negative as the S&P 500 rose +1.87% and the VIX fell from 19.0 to 16.2.

Performance Contribution by Strategy

Strategy	No. of funds	Cal YTD
Relative Value	12	1.62%
Long / Short Equities	9	2.28%
Opportunistic / Macro	3	0.80%
Credit	4	0.26%
Merger Arbitrage / Event Driven	1	0.57%
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.

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.