

Factsheet 30 November 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	1.08%	1.06%	4.88%	3.62%	3.77%	7.00%
Benchmark ²	0.34%	1.03%	4.78%	4.84%	5.15%	5.33%

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).

13 January 2020	11 February 2020
13 March 2020	9 April 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.

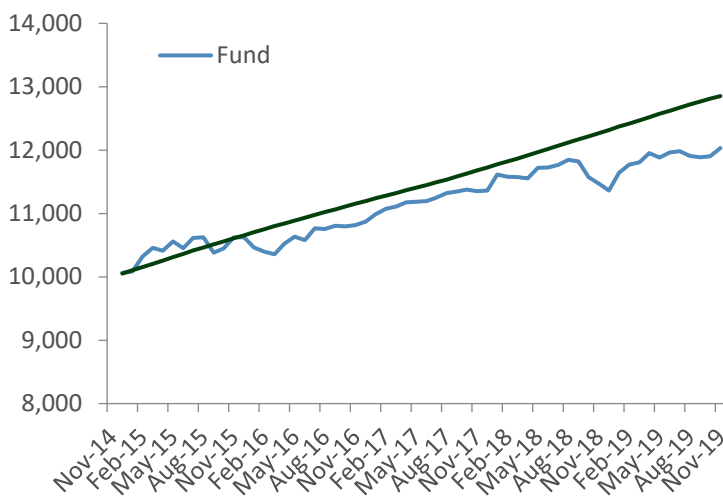
Overview

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.

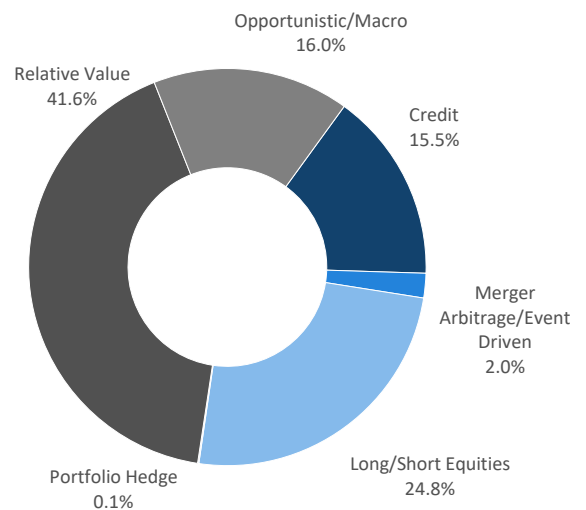
Objective

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)

Risk assets were positive in November as strong economic data in the US offset weak economic data in Europe and ongoing US/China trade tensions. The MSCI World was up +3.15%, the Barclays Global Aggregate Bond Index was down -0.76% and the Barclays Global High Yield Index was up +0.33%.

Multi-Strategy Fund II was positive for the month (+0.95%), performing in-line with the HFRX Global Hedge Fund Index (+1.03%), although it is trailing the reference point year-to-date. (+5.58% vs. +7.31%).

The **Relative Value** strategy (November: +0.60% vs. HFRX Relative Value +0.30%) was positive for the month with gains in Multi-Strategy and Quant managers more than offsetting losses in Volatility managers. Within Multi-Strategy, one manager was up with gains in a strategic long position in a European company that reported strong earnings and a short position in a Hong Kong listed company that fell as protests intensified in the region. Another manager that focuses on quantitative strategies in equity, fixed income and commodity markets was also up with gains coming primarily from its systematic futures strategy. Within Quant, medium-term managers performed better than short-term managers. Within Volatility strategies, a manager detracted with losses in its macro and special situations books.

The **Opportunistic/Macro** strategy (November: +0.77% vs. HFRX Macro +0.91%) was positive for the month with gains in a Discretionary Macro manager that profited from equity trades and a Reinsurance manager that accrued premium in the absence of meaningful loss events.

The **Long/Short Equities** strategy (November: +2.20% vs. HFRX Equity Hedge +0.88%) was positive for the month. The largest contributors were a technology, media and telecom specialist who made money in a biotech that rose after a competitor received regulatory rejection for a rival drug and an Activist manager who made money in a multinational investment bank that received key analyst upgrades. Additional gains came from a European-focused manager who made money in a health club operator that rose on key analyst upgrades and an Asia-focused manager that made money in a Chinese group-buying company that reported strong earnings. Additional gains came from another Asia-focused manager who made money in a Chinese e-commerce company that had its stock listed on a key exchange.

The **Merger Arbitrage/Event Driven** strategy (November: +0.98% vs. HFRX Event Driven +2.07%) was positive with gains in a co-investment trade.

Credit managers (November: +1.20%) were positive with gains in a co-investment trade and a Corporate Litigation / Liquidation manager who made money in a corporate fixed income position. Additional gains came from a Structured Credit manager who made money in CLO equity and CLO fixed income positions.

Performance Contribution by Strategy

Strategy	No. of funds	Cal YTD
Relative Value	12	2.10%
Long / Short Equities	8	2.33%
Opportunistic / Macro	3	0.81%
Credit	4	0.13%
Merger Arbitrage / Event Driven	1	0.47%
Portfolio Hedge	1	-0.06%

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: \$57.6m

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.

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.