

Factsheet 31 December 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	0.83%	2.04%	6.74%	3.73%	3.81%	6.92%
Benchmark ²	0.35%	1.03%	4.70%	4.82%	5.11%	5.32%

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 February 2020	13 March 2020
9 April 2020	13 May 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 April 2020	30 June 2020
15 July 2020	30 September 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.

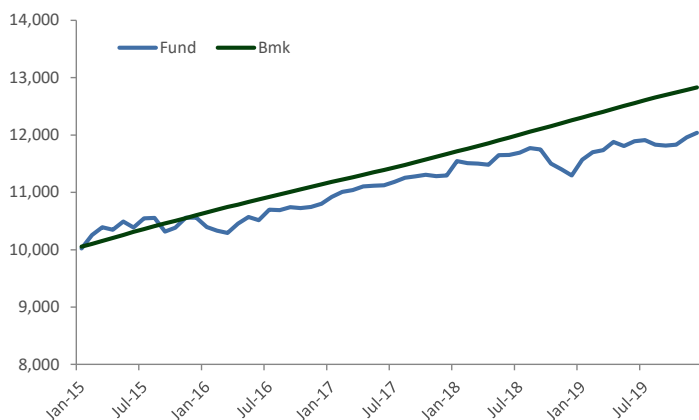
Overview

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.

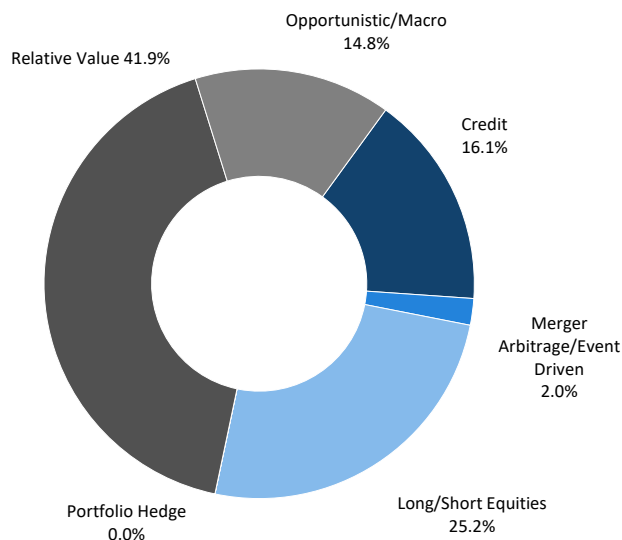
Objective

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 positive in December to conclude a strong 2019, with the MSCI World up +2.28%, the Barclays Global Aggregate Bond Index up +0.58% and the Barclays Global High Yield Index up +2.59%.

Multi-Strategy Fund II was positive for the month (+1.40%), and trailed the HFRX Global Hedge Fund Index for the full year 2019. (+7.04% vs. +8.62%).

The **Relative Value** strategy (December: +2.04% vs. HFRX Relative Value +1.01%) was positive for the month with gains in Multi-Strategy and Volatility managers more than offsetting losses in Quant managers. Within

Multi-Strategy, one manager was up with gains in a short position in a European company that fell on fraud speculation, one manager was up with gains in its equity oriented strategies and another manager was up with gains in its equity event strategy. Within Volatility, a manager contributed with gains in its volatility arbitrage and special situations books. Within Quant, medium-term managers performed better than short-term managers.

The **Opportunistic/Macro** strategy (December: +1.59% vs. HFRX Macro +0.30%) was positive for the month with gains in a pair of Discretionary Macro managers that profited from equity trades. Additional gains came from a Reinsurance manager that accrued premium in the absence of meaningful loss events.

The **Long/Short Equities** strategy (December: +1.61% vs. HFRX Equity Hedge +1.22%) was positive for the month. The largest contributor was a European-focused manager that operates two funds in the region, one focused on large cap companies and one on smaller companies. The large cap fund made money in a food delivery company that announced it would be entering a key market and a digital marketplace operator that announced a plan to sell a piece of its business. The small cap fund made money in a furniture retail company that received key analyst upgrades. Additional gains came from a technology, media and telecom specialist that made money in a media company that rose after announcing plans to spin off of a subsidiary and an Asia-focused manager who made money in positions in China that rose on easing US/China trade tensions.

The **Merger Arbitrage/Event Driven** strategy (December: +0.46% vs. HFRX Event Driven +2.03%) was positive with gains in a co-investment trade.

Credit managers (December: +0.44%) were positive with gains in a Corporate Litigation / Liquidation manager that made money in fixed income positions in a biotechnology company and Argentina. Additional gains came from a Structured Credit manager that made money in CLO equity and CLO fixed income positions.

Performance Contribution by Strategy

Strategy	No. of funds	Cal YTD
Relative Value	12	2.35%
Long / Short Equities	8	2.91%
Opportunistic / Macro	3	0.93%
Credit	4	0.35%
Merger Arbitrage / Event Driven	1	0.46%
Portfolio Hedge	0	-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: \$57.5m

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.