

Factsheet 31 January 2020

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 | 0.71% | 3.23% | 5.57% | 3.80% | 4.03% | 6.97% |
| Benchmark ² | 0.36% | 1.05% | 4.64% | 4.82% | 5.08% | 5.31% |

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

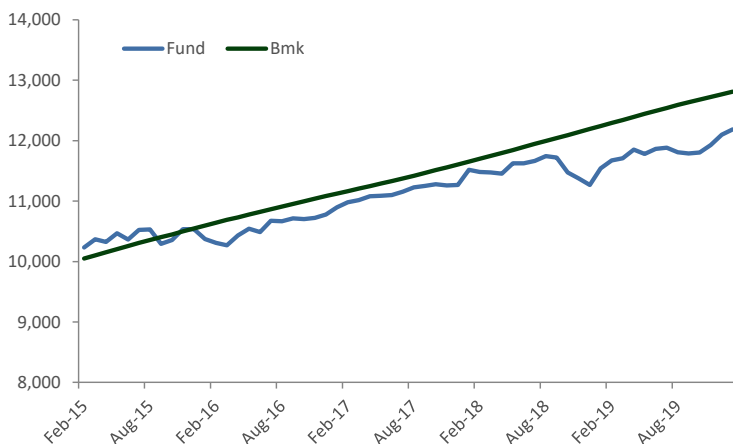
Application and Redemption Schedule

Applications – the date application money needs to be deposited to the Public Trust application account. (PIP or custodian may require an earlier date).

| | |
|--|--|
| 13 March 2020 | 9 April 2020 |
| 13 May 2020 | 12 June 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 |

Current redemptions are being met partially in cash and partially with units in a Special Purpose Vehicle (SPV) to manage illiquid exposures. Please contact your consultant or Nikko AM for more information.

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



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.

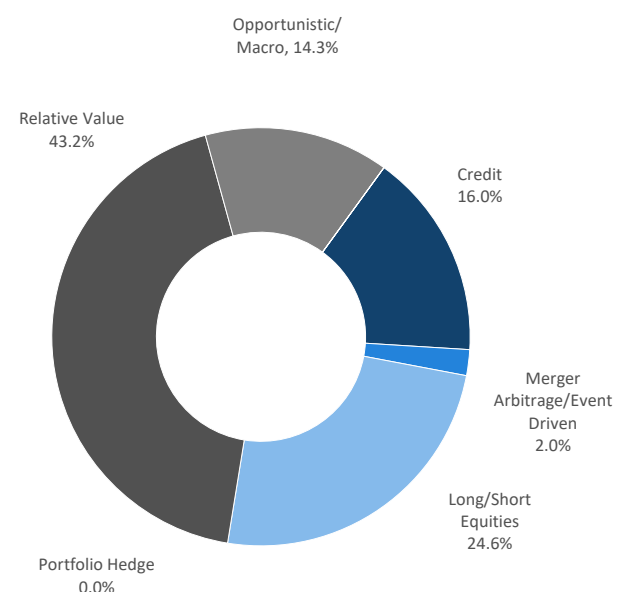
Overview

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.

Strategy Allocations (by value of fund)



Fund Commentary

(source: JPMAAM for underlying USD share class)

Global equity markets finished negative in January as concerns around the spread of the coronavirus offset intra-month gains, with the MSCI World down -0.25%. Fixed income markets finished positive, with the Barclays Global Aggregate Bond Index up +1.28% and the Barclays Global High Yield Index up +0.13% as the US 10 Year Treasury yield fell from 1.90% to 1.50% amid the late month flight to safety.

The **Relative Value** strategy (January: +1.22% vs. HFRX Relative Value +0.68%) was positive for the month with gains in Multi-Strategy, Quant and Volatility managers. Within Multi-Strategy, one manager was up with gains in a convertible arbitrage trade after the underlying company received a takeover bid, while another manager that focuses on quantitative strategies in equity, fixed income and commodity markets was up with gains in its macro and statistical arbitrage strategies. Within Quant, managers made money across time horizons and implementation techniques (machine learning and prior based). Within Volatility, a manager contributed with gains in its special situations and macro strategies.

The **Opportunistic/Macro** strategy (January: -0.04% vs. HFRX Macro +0.82%) was flattish for the month with losses in a Reinsurance manager following the impact of the Australian wildfires offsetting gains in a Discretionary Macro manager who profited from long US rates trades.

The **Long/Short Equities** strategy (January: -0.08% vs. HFRX Equity Hedge -0.33%) was flattish for the month. The largest detractors were an Asia-focused manager who lost money in an Indian commercial bank that reported weak earnings and another Asia-focused manager who lost money in Chinese companies that sold off on coronavirus concerns. Losses were offset by gains in a Global manager who made money in a pair of cloud computing companies that both received key analyst upgrades. Additional gains came from a North American-focused manager who made money in a beverage and food service company that announced a key acquisition.

The **Merger Arbitrage/Event Driven** strategy (January: +3.25% vs. HFRX Event Driven +0.51%) was positive for the month with gains in a co-investment trade.

Credit managers (January: +0.84% vs. HFRX Distressed N/A) were positive with gains in a pair of Structured Credit managers, one of which who profited from CLO equity, CLO fixed income and Puerto Rico municipal bond positions. Additional gains came from our Litigation Finance manager.

Performance Contribution by Strategy

| Strategy | No. of funds | Cal YTD |
|---------------------------------|--------------|---------|
| Relative Value | 13 | 3.27% |
| Long / Short Equities | 8 | 3.30% |
| Opportunistic / Macro | 3 | 1.18% |
| Credit | 4 | 0.43% |
| Merger Arbitrage / Event Driven | 1 | 0.52% |
| 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: \$58.07m

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)

Redemptions

Redemption proceeds are typically paid within 6 weeks of the redemption date. The liquidity of some assets in the fund may result in redemption proceeds not being paid 100% in cash. In some instances, proceeds may be paid in cash and in specie by the issue of units in a liquidity share class specific to that redemption date. Units in the liquidity share class will be automatically redeemed by the manager as and when liquidity becomes available. It is expected that full liquidation of any such liquidity share class could take a number of years.

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.