

Factsheet 30 April 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 <sup>1</sup> | 3.19%   | -1.67%   | 1.08%  | 2.64%         | 3.02%         | 6.41%          |
| Benchmark <sup>2</sup> | 0.30%   | 1.06%    | 4.48%  | 4.80%         | 4.98%         | 5.28%          |

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

## Changes to the Fund

The Fund is in the process of transitioning from using the JPMAAM MSF II strategy to the JP Morgan Multi Manager Alternatives Fund (MMAF). This change will take place automatically in the coming months and investors do not need to do anything in relation to this action. We will have MMAF units set up by August which can then be bought/sold. We will continue to keep you updated on progress.

## Applications and Redemption Schedule

Once we have MMAF units set up we will be able to accept application and redemption requests on a daily basis and they will be processed within 10 working days. New applications or redemptions will not be processed until then. Please contact your consultant or Nikko AM for more information.

## 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.

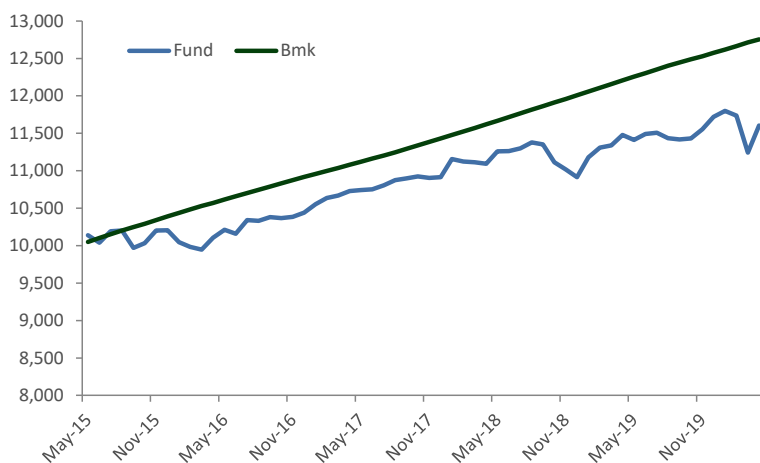
## Overview

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.

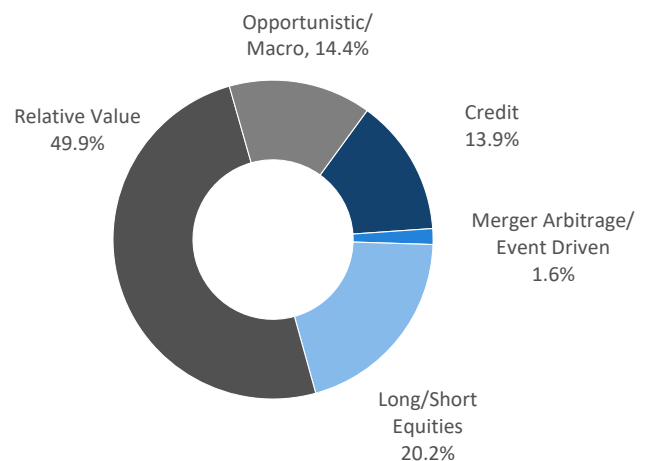
## Objective

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)

Global markets posted strong gains in April as COVID-19 infection curves started to flatten, many countries around the world planned to reopen economies, and volatility eased. The MSCI World was up +10.51%, the Barclays Global Aggregate Bond Index was up +1.96% and the Barclays Global High Yield Index was up +4.51%. Amid weak economic data such as downgraded GDP forecasts, risk assets in April were helped by governments’ and central banks’ economic support measures and expectations that more policies will be rolled out across the globe. The Portfolio was positive for the month (+3.04%), outperforming the HFRX Global Hedge Fund Index (+2.88%), and is outperforming the reference point year-to-date. (-0.82% vs. -4.17%).

As mentioned last month, we believe the opportunity set for investors in alternative strategies is the best it’s been since the 2008 financial crisis. Managers with a demonstrated ability to identify attractive strategies and managers should be rewarded going forward.

The **Relative Value** strategy was positive for the month with gains in Multi-Strategy, Quant and Volatility managers. Within Multi-Strategy, one manager that focuses on quantitative strategies in equity, fixed income and commodity markets was up with outsized gains in its macro and systematic futures strategies, while another manager was up with gains in its fundamental equity, fixed income and quantitative strategies. Within Quant, short-term managers made money across implementation techniques (prior based and machine learning). Within Volatility, a manager contributed with gains in its discretionary, event, and volatility focused books.

The **Opportunistic/Macro** strategy was positive for the month with gains in a Discretionary Macro manager that made money in rates, currency, and commodity trades, and another Discretionary Macro manager that made money in equity and commodity trades. Gains were partially offset by losses in a Reinsurance manager that added to reserves for potential losses.

The **Long/Short Equities** strategy was positive for the month. The largest contributor was an Asia-focused manager who made money in Indian banks that rose after the Reserve Bank of India announced it would extend regulatory benefits to all banks under their special liquidity facility, and an Activist manager who made money in an online gaming company that reported strong earnings as COVID-19 led to an increase in customer activity. Additional gains came from 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 service provider who reported strong earnings from increased orders amid COVID-19 quarantine. The small cap fund made money in a food delivery company that announced its merger with a rival company had been approved by regulators. A Global manager, who made money in e-commerce companies as COVID-19 forced store closures and amplified online consumer demand, also contributed to performance.

The **Merger Arbitrage/Event Driven** strategy was positive for the month with gains in a co-investment trade.

**Credit** managers were positive with gains in our Litigation Finance manager. Additional gains came from a Corporate-Distressed/Liquidation manager who made money in corporate fixed income positions and a Structured Credit manager who made money in CLO positions.

**Performance Contribution by Strategy**

| Strategy                        | No. of funds | Cal YTD |
|---------------------------------|--------------|---------|
| Relative Value                  | 13           | 0.04%   |
| Long / Short Equities           | 8            | -2.49%  |
| Opportunistic / Macro           | 3            | 0.27%   |
| Credit                          | 4            | -1.18%  |
| Merger Arbitrage / Event Driven | 1            | 0.08%   |
| Portfolio Hedge                 | 0            | 0.00%   |

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:**      **Strategy Launch**      **Strategy size**

0.00% / 0.00%      June 2008      \$53.66m

**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.

**Redemptions** The liquidity of some assets in the fund has resulted in redemption proceeds not being paid 100% in cash. Proceeds not paid in cash, will be paid 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.

**Compliance**

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

**Contact Us**

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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.