

Factsheet 31 July 2020

NIKKO AM WHOLESALE MULTI STRATEGY FUND

The factsheet covers the MMAF ordinary share class and not the A & C share class units which are side-pocketed.

Performance

	1 month	3 months	1 year	3 years (p.a)	5 years (p.a)	10 years (p.a)
Wholesale ¹	1.27%	1.72%	1.84%	2.75%	2.83%	6.33%
Benchmark ²	0.28%	0.82%	4.08%	4.69%	4.83%	5.23%

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

Applications and Redemption Schedule

As the investment in MMAF is now complete application and redemption requests can be made on a daily basis and they will be processed within 12 working days.

Investment Manager

The Wholesale Multi-Strategy Fund invests into the JP Morgan Alternative Asset Management Hedge Fund Solutions JP Morgan Multi Manager Alternatives Fund (MMAF). 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.

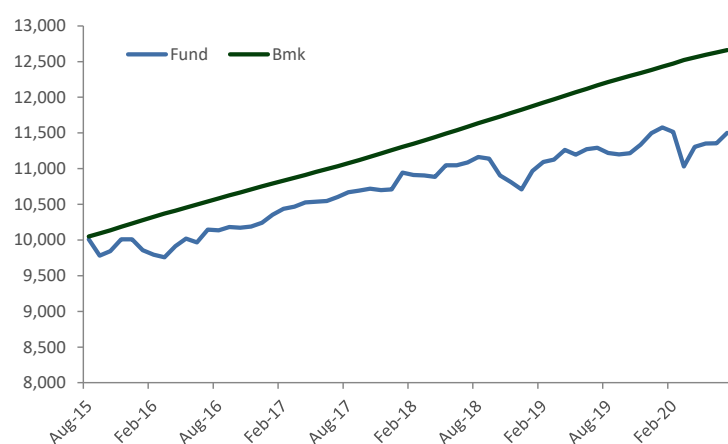
Overview

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.

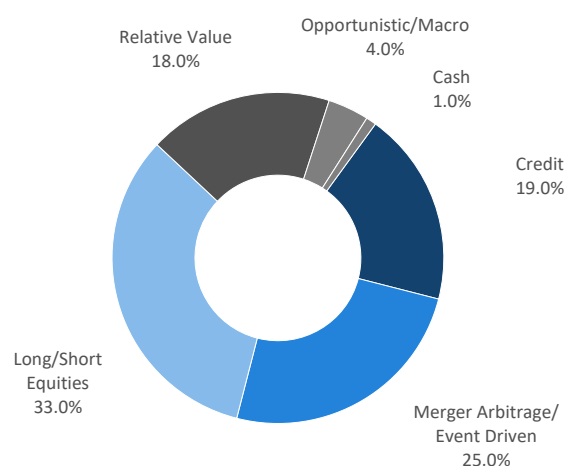
Objective

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)

Equity and credit markets continued their momentum from the second quarter and saw another strong month in July. Overall, global equities rose +4.8% in July in USD terms according to the MSCI World Index. Global fixed income returns were broadly positive in July with credit continuing to outperform government bonds. The Barclays Global Aggregate Bond Index was up +3.2%.

In July, the JPM Multi-Manager Alternatives Fund had another strong month, with the C USD share class up +1.34%. Year to date, the fund is up +4.24% versus a decline of -0.91% for the MSCI World YTD, and +0.25% for the HFRX Global Hedge Fund Index YTD.

The **Relative Value** Strategy was positive in July with key drivers being the fund’s warrant volatility strategy and convertible bond arbitrage strategy. By asset class the strategy saw its strongest gains in Equity trades, while communication services’ trades were the biggest contributors by sector. Geographically, North American and European positions performed the best.

The **Macro/Oppportunistic** Strategy had a very good month and experienced gains in trades across all regions apart from North America. By asset class commodity trades were the strongest contributors for the month.

The **Long/Short Equity** Strategy was positive in July as equity valuations continued to move higher as the majority of global economies resume economic activity. Regionally, European trades contributed most to the strategy’s performance. By sector, consumer discretionary and information technology continued to perform well, while strong gains also came from the industrials sector. By security, gains came from a number of long positions such as Stamps.com and Farfetch, as well as a concentrated conviction trade in Kansas City Southern.

The **Merger Arbitrage/Event Driven** Strategy positive in July with very strong gains in North American trades. By sector, trades in financials were the strongest contributors followed by consumer discretionary trades. By security, the strategy continued to see gains from the GCI Liberty spread trade, which is hedged with the underlying components.

The **Credit Strategy** was positive in July with gains coming from convertible bond arbitrage which experienced a benefit from stronger credit fundamentals.

There are three areas of focus where we find interesting returns with limited downside. Long/Short Equity remains a core allocation but with lower levels of net equity exposure. In Credit, we focus on yield based strategies with structural benefits to help manage risk either through structural subordination or valuation protections. Lastly, we have been Increasing exposure to less correlated strategies that will benefit from more elevated volatility levels including but not limited to convertible bond arbitrage.

Performance Contribution by Strategy

Strategy	No. of funds	Cal YTD
Relative Value	1	0.14%
Long / Short Equities	5	2.88%
Opportunistic / Macro	1	-0.28%
Credit	2	0.14%
Merger Arbitrage / Event Driven	3	0.59%

Information shown in the table above is for the month prior to the date of this fact sheet

Key Fund Facts

Distributions			Estimated annual fund charges	
Generally does not distribute			Wholesale: None	
Buy / Sell spread:	Strategy Launch	Strategy size	Management fee to JPMAAM 2.20% p.a. includes underlying JPMAAM fund expenses and underlying manager fees.	
0.00% / 0.00%	June 2008	\$35.3m		
Hedging JPMAAM hedges all currency exposure back to NZ dollars.				

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.