

Factsheet 31 August 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	1.08%	2.39%	3.61%	2.90%	3.04%	6.43%
Benchmark ²	0.27%	0.82%	3.95%	4.66%	4.79%	5.21%

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

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.

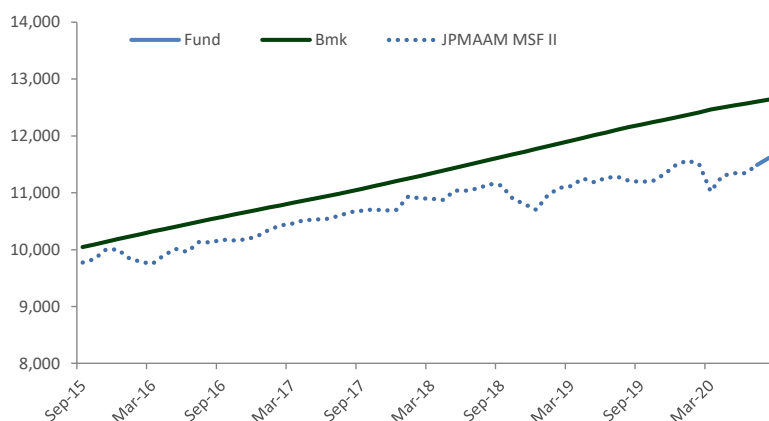
Overview

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

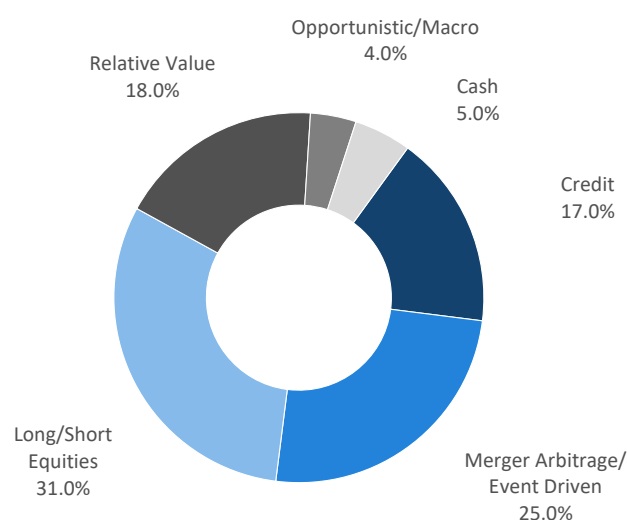
The fund aims to outperform the benchmark return before fees, expenses and taxes over a rolling three year period.

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



Performance is for JPMAAM MSF II strategy up to 30.06.20 and for MMFA from 01.07.20

Strategy Allocations (by value of fund)



Fund Commentary (source: JPMAAM for underlying USD share class)

Investor enthusiasm seemed to have been lifted by a better-than-expected second-quarter earnings season and by the potential for a viable Covid-19 vaccine in the coming months. In this context, risk assets continued to rally. Over the month, global equities rose +6.73% in August in USD terms according to the MSCI World Index. Fixed Income also rallied, while global government bonds fell. The Barclays Global Aggregate Bond Index was down -0.15%.

In August, the JPM Multi-Manager Alternatives Fund had another positive month, with the C USD share class up +1.44%. Year to date, the fund is up +5.74% versus +1.80% for the HFRX Global Hedge Fund Index YTD, and +5.76% for the MSCI World YTD.

The **Relative Value Strategy** was positive in August with strong gains coming from North American positions. By asset class, the strategy saw its strongest gains in credit trades, while trades in industrials and financials were the biggest contributors by sector. Geographically, North American and European positions performed the best.

The **Macro/Oppportunistic Strategy** was positive in August, with gains in trades across Europe and Asia/Pacific. By asset class, equity and currency trades were the strongest contributors for the month.

The **Long/Short Equity Strategy** performed best in August, driven in particular by healthcare, consumer discretionary and information technology related trades. By geography, North American trades contributed most to the strategy’s performance. By security, one of the best performing investment during the month was a long position in Momenta Pharmaceuticals which received a take-over offer at a significant premium. Gains also came from a concentrated conviction trade in Ulta Beauty, a U.S. beauty retailer, who reported stronger than expected second quarter earnings.

The **Merger Arbitrage/Event Driven Strategy** was negative in August with losses from North American trades being slightly outweighed by positive European trades. By sector, trades in communication services and financials were the largest detractors, while consumer discretionary trades performed well. By security, the fund’s position in the GCI Liberty spread trade, which is hedged with the underlying components, detracted in August.

The **Credit Strategy** experienced another positive month in August with strong returns led by the strategy’s CLO exposure and CDX exposure.

There continue to be 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	2.91%
Long / Short Equities	5	3.77%
Opportunistic / Macro	1	-0.22%
Credit	2	0.44%
Merger Arbitrage / Event Driven	3	0.44%

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 \$21.5m

Hedging JPMAAM hedges all currency exposure back to NZ dollars.

Estimated annual fund charges

Wholesale: None

Management fee to JPMAAM 2.20% p.a. includes underlying JPMAAM fund expenses and underlying manager fees.

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.