

Factsheet 30 September 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	0.29%	2.66%	4.08%	2.92%	3.57%	6.22%
Benchmark ²	0.27%	0.83%	3.88%	4.61%	4.75%	5.18%

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.

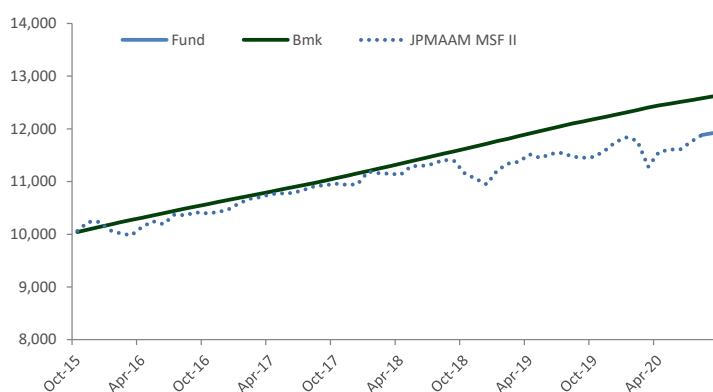
Overview

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

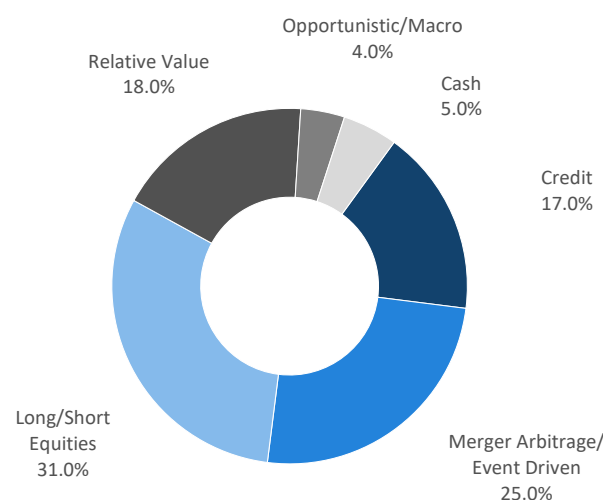
The fund aims to outperform the benchmark return before fees, expenses and taxes over a rolling three year period.

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)

The combined effect of improving macro data, a better than expected earnings season and a decline in virus cases in Europe and the U.S. buoyed equity and credit markets for much of the third quarter. However during September, it appears the event risks we face in the coming months are back on investors' minds and led to a month of elevated volatility and negative equity markets. Global equities fell -3.42% in September in USD terms (MSCI World Index), while the Barclays Global Aggregate Bond Index was down -0.36%. In a difficult month for traditional assets, the JPM Multi-Manager Alternatives Fund offered de-correlation and delivered positive returns.

The **Relative Value Strategy (Return: -0.55% / Attribution -0.11%)** was negative in September with losses coming from North American positions. By asset class, the strategy saw its gains in credit trades offset by losses in equities. By sector, trades in consumer discretionary and industrials were primary detractors. Geographically, North American and Asia/Pacific trades underperformed slightly offset by European positions.

The **Macro/Oppportunistic Strategy (Return: -2.40% / Attribution: -0.09%)** was negative in September, with losses in trades across Europe and North America. By asset class, currency and equity trades were the primary detractors for the month.

The **Long/Short Equity Strategy (Return: -0.12% / Attribution: -0.03%)** was negative in September with losses driven by negative returns in information technology related companies offset by positive returns from a variety of healthcare positions. By geography, losses in European positions offset gains in North American trades. By security, a top contributor was Forte Biosciences, which benefitted from multiple announcements related to progress in clinical trials for atopic dermatitis.

The **Merger Arbitrage/Event Driven Strategy (Return: +1.52% / Attribution: +0.38%)** performed the best in September due to continued success trading the common stock and warrants of special purpose acquisition companies (SPACs). Geographically, gains were driven by North American and European trades. By sector, trades in financials and industrials were the largest contributors, followed by consumer discretionary positions. Additional gains were driven by a merger arbitrage trade in an automobile company that benefitted from increased automotive sales.

The **Credit Strategy (Return: +0.54% / Attribution: +0.09%)** experienced another positive month in September with strong returns led by structured credit strategies.

There continue to be three areas of focus where we find interesting returns with limited downside. Long/Short Equity remains a core allocation, in which we are focused on strategies with lower levels of net equity exposure to maintain the fund's low beta profile. 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.

Key Fund Facts

Distributions

Generally does not distribute

Buy / Sell spread: 0.00% / 0.00%
Strategy Launch: June 2008
Strategy size: \$24.0m

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.

Performance Contribution by Strategy

Strategy	No. of funds	Cal YTD
Relative Value	1	2.79%
Long / Short Equities	5	3.74%
Opportunistic / Macro	1	-0.31%
Credit	2	0.54%
Merger Arbitrage / Event Driven	3	0.82%

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

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.