

Factsheet 31 October 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	-0.31%	1.06%	3.61%	2.73%	3.38%	6.01%
Benchmark ²	0.28%	0.83%	3.81%	4.56%	4.72%	5.16%

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

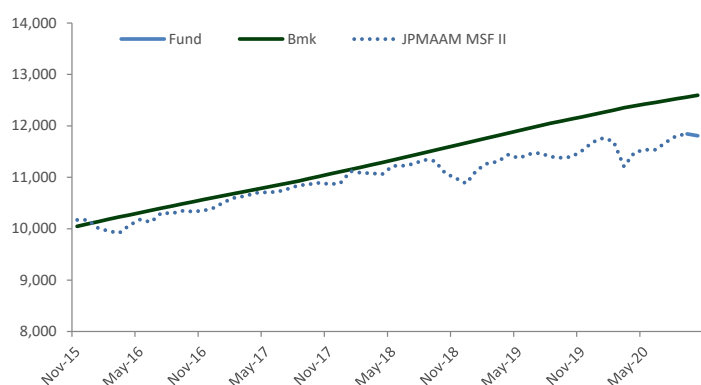
The fund provides access to a multi-manager, multi-strategy investment fund designed to generate returns over the long term.

The portfolio has a diversified risk profile with low to medium volatility.

Objective

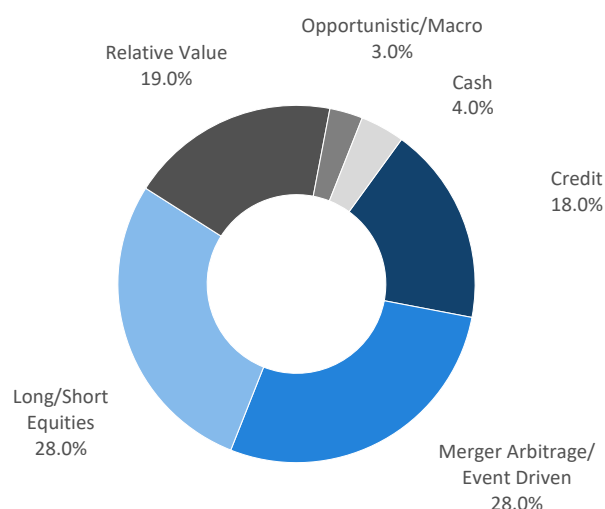
The fund aims to outperform the benchmark return before fees, expenses and taxes over a rolling three year period.

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)

Equity and credit markets slid further in the month of October. Overall, global equities fell -3.04% in USD terms according to the MSCI World Index. Global fixed income returns were mixed with credit outperforming government bonds. Against this backdrop, the Barclays Global Aggregate Bond Index was up +0.10%.

The **Relative Value Strategy** was positive in October as it was able to take advantage of the elevated market volatility with both its tactical themes and individual trades. Geographically, the strategy experienced gains in its North American positions. By asset class, equity trades were offset by losses across credit and other asset classes. By sector, trades in consumer discretionary and industrials were primary contributors.

The **Macro/Oppportunistic Strategy** was positive in October, providing an uncorrelated source of return for the fund. The strategy saw gains in trades across its North America and global positions. By asset class, currency and commodity trades were the key contributors for the month.

The **Long/Short Equity Strategy** was negative in October with losses driven by negative returns in information technology and consumer discretionary related companies. A bright spot in Long/Short Equity was positive contribution from the fund’s healthcare exposure, where gains were seen across many biotech names despite a down month for healthcare in the market overall. By security, notable detractors included concentrated conviction trades in Danone and Intertrust. The fund however saw its strongest gains in Flex Ltd, a U.S. Singaporean domiciled electronics manufacturing services company. By geography, losses in North American positions offset gains in Asia Pacific trades.

The **Merger Arbitrage/Event Driven Strategy** was negative in October with losses primarily coming from North American trades. By sector, trades in financials were the biggest detractors while consumer discretionary and communication services positions contributed. The **Credit Strategy** was negative in October with losses attributed to North American positions primarily in asset backed securities.

There continue to be three areas of focus where we find interesting returns with limited downside. Long/Short Equity remains a core allocation, where 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.

Performance Contribution by Strategy

Strategy	No. of funds	Cal YTD
Relative Value	1	2.95%
Long / Short Equities	5	3.06%
Opportunistic / Macro	1	-0.29%
Credit	2	0.48%
Merger Arbitrage / Event Driven	3	0.72%

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 \$24.2m

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.