

Factsheet 31 October 2021

# NIKKO AM WHOLESALE MULTI STRATEGY FUND

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

## Performance

	One month	Three months	One year	Three years (p.a)	Five years (p.a)	Ten years (p.a)
Wholesale <sup>1</sup>	1.02%	0.16%	9.61%	5.32%	4.61%	6.29%
Benchmark <sup>2</sup>	0.29%	0.86%	3.34%	3.97%	4.32%	4.91%

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

## Performance Contribution by Strategy

Strategy	No. of funds	Cal YTD
Relative Value	2	1.40%
Long / Short Equities	6	-1.10%
Opportunistic / Macro	1	0.19%
Credit	2	0.49%
Event Driven	5	2.48%

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

## 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

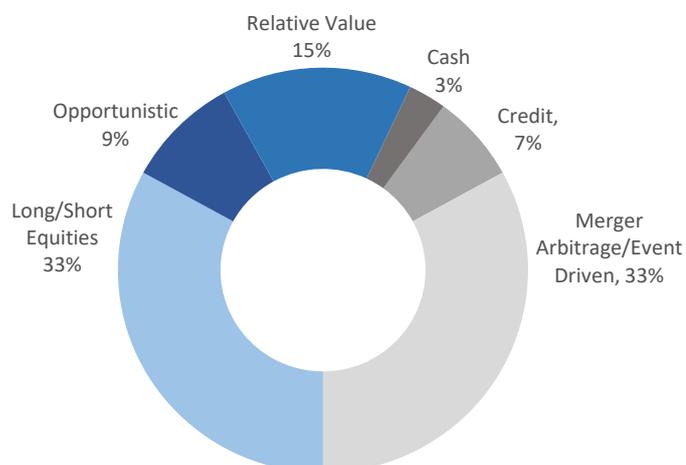
The fund aims to outperform the benchmark return before fees, expenses and taxes over a rolling three-year period.

## Five Year Cumulative Performance, \$10,000 invested<sup>1,2</sup>

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



## Strategy Allocations (by value of fund)



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

Ongoing improvements in global COVID-19 infections levels along with a solid start to the third quarter earnings seasons in the United States pushed the global equities market up in October. According to the MSCI World Index, global equities increased +5.69% in October and are now up +19.90% on a year-to-date basis. Global fixed income returns were flat in October, as rates remained relatively stable; the Barclays Global Aggregate Bond Index is down -4.29% YTD.

The **Relative Value** was positive in October with returns driven primarily by the warrant volatility sub-strategy. Gains also came from a concentrated conviction trade in the Pershing Square Closed End Fund. These gains were partially offset by losses in short positions within the mega cap IT (particularly software and services) and Energy sectors.

The **Macro/Oppportunistic Strategy** was positive in October with gains driven by the CTA sub-strategy. Positions in long equities and long commodities helped during the month whilst interest rate exposure hurt.

The **Long/Short Equity Strategy** delivered positive returns in October which were largely driven by exposure to a handful of concentrated conviction trades (CCTS). After being a major detractor in Q3 2021 following political uncertainty related to the US abrupt withdrawal from Afghanistan, PAE, an embassy services provider, had gains after it announced late in the month that engineering services company Amentum will acquire the company for a 70% premium. Gains also came from, AES, and Edison International, two CCTs in power generation companies which were transitioning to more sustainable sources of power, along with solar energy companies namely Enphase Energy and Sunnova Energy. Gains were partially offset by losses on index hedges and a widening spread in a large pair trade CCT (Danone / L’Oréal).

The **Merger Arbitrage/Event Driven Strategy** was positive across the board and was the driving force behind fund level returns, with particularly meaningful gains in Hertz and other CCTs with strong earnings reports, along with the start of greater activity and deal reactions in SPACs. Hertz, a leading car rental company, was the highest single name contributor as it emerged from bankruptcy this summer with new management and a compelling turnaround plan. Forward Air, a transportation logistics company, benefitted in the last days of the month following a very strong earnings report driven by improved margins from operational enhancements and strengthening pricing. Green Plains, the legacy ethanol company transitioning into a sustainable biorefinery platform, had a strong month as well following positive earnings reports from a number of peers. The company is scheduled to report earnings in early November, which could be another meaningful catalyst for the position. Small gains also came from SPAC backed by trust portfolios as the discount to trust of the strategy continued to narrow and as punchier deal reactions returned to the market.

The **Credit Strategy** was positive in October with no significant contributions nor detractors.

<b>Key Fund Facts</b>		
<b>Distributions</b>		<b>Estimated annual fund charges</b>
Generally does not distribute		<b>Wholesale:</b> None
<b>Buy / Sell spread:</b>	<b>Strategy Launch</b>	<b>Strategy size</b>
0.00% / 0.00%	June 2008	\$95.5m
<b>Hedging</b> JPMAAM hedges all currency exposure back to NZ dollars.		
<b>Redemptions</b>		
Requests can be made on a daily basis and they will be processed within 12 working days.		

**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 a Financial Advice Provider 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.