

Factsheet 31 December 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 ¹	-0.38%	1.31%	2.67%	6.06%	4.52%	6.35%
Benchmark ²	0.31%	0.91%	3.42%	3.90%	4.28%	4.89%

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	0.94%
Long / Short Equities	6	-1.80%
Opportunistic / Macro	1	-0.04%
Credit	2	0.58%
Event Driven	5	3.41%

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

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

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



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

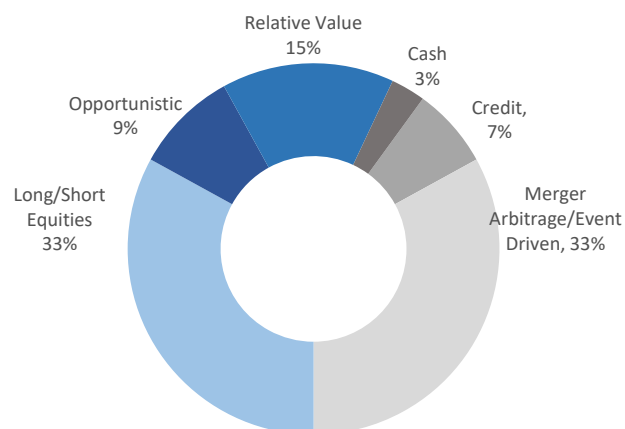
The fund provides access to a multi-manager, multi-strategy investment fund designed to generate returns over the long term.

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.

Strategy Allocations (by value of fund)



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

In December, positive news regarding the virulence of the Omicron variant along with end of the year market confidence boosted equities as the year came to a close. According to the MSCI World Index, global equities increased +4.31% in December and are now up +20.38% on a year-to-date basis. Global fixed income returns were slightly down in December, as yields increased through the end of the month; the Barclays Global Aggregate Bond Index is down -4.71%YTD.

The **Relative Value** was negative in December. One portfolio was hurt by the retracement in credit, which reached record lows, and the widespread selloff outside of mega cap tech and highly defensive names. Warrants and high growth convertible bonds were also hit hard during the month. Losses were partially offset by gains from a variety of short positions in the Consumer Discretionary and Consumer Staples sectors in another portfolio.

The **Macro/Oppportunistic Strategy** was positive in December with gains in energy related commodities and in industrials equity futures drove the majority of returns.

The **Long/Short Equity Strategy** was flat in December with losses in technology and consumer names which were balanced by gains in healthcare and select CCTs. The largest losses stemmed from software company Sprout Social, cloud services provider DigitalOcean, and particularly online pharma company Zur Rose which sold off on news that Germany planned to cancel a mandatory introduction of electronic prescriptions. Small losses also came from short positions and index hedges as broader markets rallied at the end of the month. These losses were offset by gains in two healthcare companies, namely Arena and Bellus Health. Arena is a clinical stage company focused on therapies that treat immuno-inflammatory diseases; and that develops novel therapies for chronic cough and other hypersensitization disorders with large unmet needs. The promise of one of its oral drug pointed towards ulcerative colitis and Crohn’s disease as well as the rest of Arena’s portfolio got the interest of Pfizer, and they agreed to buy Arena in mid- December for a meaningful premium. Bellus Health’s main drug reported constructive phase 2 data whereby the drug materially reduced cough frequency among patients relative to the placebo and the company’s stock was up immediately following the news. Additional gains also came from Zynga, a gaming company, which announced a partnership with Forte to develop blockchain-based games, and telecom leader Liberty Global, which kicked off fibre operations in Germany with the launch of its Germany-based JV.

The **Merger Arbitrage/Event Driven Strategy** was positive with gains from two concentrated conviction trades which were partially offset by losses across special purpose acquisition companies portfolios. Forward Air, the leading North American freight forwarding company, gained meaningfully on the back of its 4Q mid-quarter update where they announced improvements in efficiency and volume. Hertz, the post-bankruptcy car rental company relisted on the Nasdaq in November, had another strong month following the initiation of new sell side coverage, including a buy rating from JPMorgan that highlighted the expectation for continued positive industry tailwinds, along with the company's new attractive partnerships with Tesla, Uber, Carvana, and American Express.

The **Credit Strategy** was positive in December. Returns were led by positions in credit default swap indices and small gains across a wide variety of corporate bonds, particularly in the Materials sector.

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

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 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.