

Factsheet 30 November 2022

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 | 0.64% | 0.82% | -1.83% | 3.56% | 3.31% | 5.23% |
| Benchmark ² | 0.54% | 1.60% | 5.08% | 4.05% | 4.37% | 4.88% |

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 |
|---------------------|--------------|---------|
| Credit | 2 | -0.06% |
| Event Driven | 5 | -1.25% |
| Long/Short Equities | 7 | -2.48% |
| Macro/Opportunistic | 1 | 2.79% |
| Relative Value | 2 | -0.78% |

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

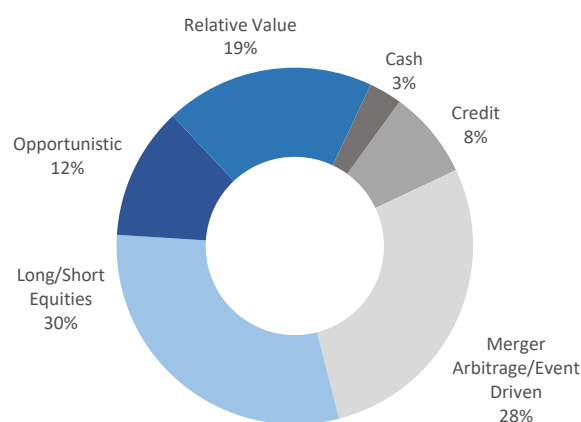
The fund aims to outperform the benchmark return before fees, expenses and taxes over a rolling three-year period.

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

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



Strategy Allocations (by value of fund)



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

Equity markets continued their recovery from October’s lows. Although central banks continued to raise policy rates, investor sentiment improved significantly after the release of US inflation numbers for October. The key inflation figure was below expectations, fuelling hopes that US inflation has now peaked and the end to the rate hiking cycle is not far off. This led to positive returns across both bond and equity markets. The MSCI World Index was up +7.00% over the months, whilst the Barclays Global Aggregate Bond Index was up +4.71%.

Long/Short Equity Strategy – Equity markets saw strong performance over the month and as such significant gains came from concentrated conviction trade (CCT) positions in electronics manufacturer Flex, Europe-focused telecom company Liberty Global, and fashion group Capri. Additional standout contributions came from long positions in utilities names like EIX and AES which benefitted from the broad equity market rally and the fall in bond yields. The allocation to China also rebounded significantly over the month amidst meaningfully policy tailwinds, including the release of 20 new measures aimed at reducing the impact of the zero-COVID policy on economic activity.

Merger Arbitrage/Event Driven Strategy – Equity-oriented CCT positions benefited from the broader market rally, with substantial gains driven by a shareholder engagement CCT in Green Plains, which rose in value despite a challenging earnings report as investors began to focus on the continued progress of the company’s transformation from an ethanol producer to a sustainable biorefinery. The multi-event driven portfolio also contributed positively with gains from SPACs, merger short positions, holding company positions and share class trades.

Credit Strategy – Gains were driven by long CDX high yield positioning and long corporate bond exposure that both benefitted in a month where global fixed income markets rallied significantly. The municipal bond trading sub-strategy contributed similar gains, as municipal bond yields decreased meaningfully in absolute terms and relative to treasuries across the curve. We have monetized a meaningful portion of these gains and are prepared to participate in December new issues along with tactically evaluating secondary market offerings.

Macro/Opportunistic Strategy – The two macro sub-strategies diverged in November. Losses from the CTA sub-strategy, driven by short bond and long USD exposure, were partially offset by a modest positive contribution from the quant macro sub-strategy which captured gains across equities, fixed income, and commodities.

Relative Value Strategy – Losses in the multi-strategy portfolio were primarily attributable to short corporate credit exposure and inflation swaps in the credit / rates relative value sub-strategy. Additional losses stemmed from the convertible arbitrage sub-strategy which was negatively impacted by a broad contraction in volatility and a high degree of position-level dispersion. These losses were partially offset by gains from idiosyncratic event driven exposure in the equity arbitrage sub-strategy.

At the end of November, the fund had 21 concentrated conviction trades (CCTs) in the portfolio, which together contributed +0.75% for the month and resulted in a contribution of -0.14% year-to-date.

Key Fund Facts

Distributions

Generally does not distribute

Estimated annual fund charges

Wholesale: None

Buy / Sell spread: 0.00% / 0.00%
Strategy Launch June 2008
Strategy size \$64m

Management fee to JPMAAM 1.95% p.a. includes underlying JPMAAM fund expenses and underlying manager fees.

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.