

Factsheet 28 February 2023

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	0.44%	2.16%	1.66%	3.76%	3.35%	4.93%
Benchmark ²	0.60%	1.85%	6.01%	4.32%	4.51%	4.94%

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	0.32%
Event Driven	4	0.73%
Long/Short Equities	7	1.26%
Macro/Opportunistic	1	0.56%
Relative Value	2	0.24%

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

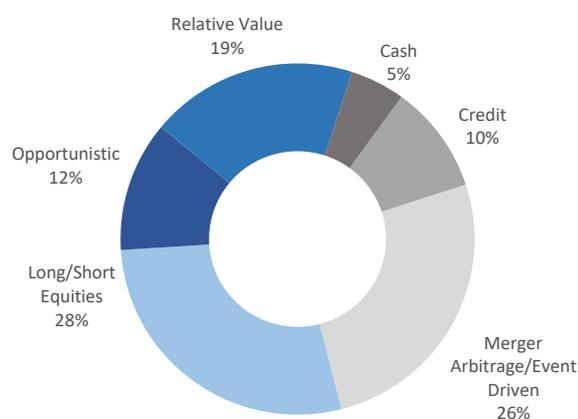
The fund aims to outperform the benchmark return before fees, expenses and taxes over a rolling three-year period.

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)

After a strong start to the year in January, traditional markets broadly declined over February. With economic data indicating that a recession may not be imminent, investors reassessed their expectations for both the peak in interest rates and the subsequent pace of rate cuts, as the road back to target inflation could be longer than previously hoped. While one might usually expect resilient economic data to support stocks, equity markets had clearly been looking forward to potential rate cuts and so were more disappointed at the prospect of less monetary easing in the near future.

Macro/Opportunistic Strategy – After a flat January, the strategy turned positive with gains in both the CTA sub-strategy and the quantitative macro sub-strategy. Short bond futures trades were the largest contributor in both sub-strategies as global fixed income markets sold off due to the prospect of less monetary easing in the near future. Additional gains within the macro/opportunistic bucket came from currency positioning.

Relative Value Strategy – Gains were driven by the equity market neutral sub-strategy, while the multi-strategy portfolio ended flat as losses in convertible bonds were balanced out by gains in positions on interest rates and equities.

Merger Arbitrage/Event Driven Strategy – Gains were split mainly between the shareholder engagement sub-strategy as a concentrated conviction trade (CCT) in Mueller Water Products gained meaningfully following an early February earnings announcement, and in a multi-event manager, driven by a warrant in de-SPAC company Verra Mobility Corp which reported positive earnings results at the end of the month.

Credit Strategy – Both the municipal bond sub-strategy and the long/short credit sub-strategy delivered modest gains despite a challenging month for fixed income markets.

Long/Short Equity Strategy – The value equity sub-strategy manager was the largest detractor for the month, driven almost entirely by losses from a CCT in a fashion company, Capri, due to a disappointing earnings announcement early in the month. The China-focused manager experienced losses across the portfolio in line with a broader market contraction in the region, particularly in Chinese online retailing and semiconductor sectors. Utilities-focused manager detracted as well, with losses in line with the broader market sell-off in utilities. These losses were partially offset by gains in the European manager which was up considerably despite broader European markets declining, and the technology sub-strategy manager led by semiconductor company Nvidia and fragmented gains across software & services names. At the end of February, the fund had 18 CCTs in the portfolio, which together contributed -0.20% for the month and +0.77% year-to-date. CCTs since January 2020 (when we began monitoring their performance separately) have contributed +7.14% to fund returns.

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	\$63.8m
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.