

Nikko AM Wholesale Multi-Strategy Fund

Fund manager

JP Morgan Alternative Asset Management Inc (JPMAAM), via Nikko Asset Management New Zealand Limited.

Nikko AM is Asia's premier global asset manager. In New Zealand we actively manage NZ\$5 billion of investments for a diverse group of clients, including superannuation schemes, charitable trusts, KiwiSaver scheme providers, corporations and local government along with providing services to financial intermediaries through wrap platforms.

We offer investment management services in domestic sectors (equities, fixed interest and cash) through our Auckland-based investment team and employ offshore managers to manage global sectors (global equities, global bonds and alternative investments). Nikko AM utilise JPMAAM's multi-manager/multi-strategy fund, JP Morgan Multi-Strategy II Ltd (MSF II Ltd) to provide access to absolute return strategies.

Fund launch

June 2008

Investment objective

To construct a portfolio of authorised investments that outperform the Fund's benchmark return over a rolling three year period after fees.

Benchmark

Bloomberg NZBond Bank Bill Index plus 2.5% pa (from 1 July 2016)

Investment process

By integrating a number of hedge fund strategies into one fund, the MSF II Ltd fund's objective is to generate capital appreciation over the long term through a portfolio having a diversified risk profile with relatively low volatility and a low correlation with traditional equity and fixed-income markets.

Trustee

Public Trust

Custodian

Public Trust as legal custodian, BNP Paribas Fund Services Australasia Pty Limited delegated as functional custodian.

Structure and taxation

Offshore manager's product with NZD share class.

The Fund vehicle is a Unit Trust and Portfolio Investment Entity (PIE) which is priced monthly. Unit holders elect their own Portfolio Investor Rate. Each unit holder's return is subject to the foreign investment taxation regime, under the Fair Dividend Rate approach. Information is provided to the IRD and unit holders on an annual basis.

Distributions

The Fund may make distributions at the Manager's discretion; however, the Manager does not intend that entitlements will be distributed.

Currency management

JPMAAM hedges the foreign currency exposures back to New Zealand dollars and has developed a New Zealand dollar share class for MSF II to accommodate the Nikko AM Wholesale Multi-Strategy Fund's investment.

Buy/sell spread

Nil

Management fees

An investment management fee of 1.00% per annum is deducted from the offshore manager's product.

Nikko AM acts as agent for JPMAAM in New Zealand and receives an average trail fee of 0.50% annually of the amount invested in the product. This trail is paid by JPMAAM and not from the Fund or MSF II Ltd.

All other Fund statutory and operating costs will be met directly by the Manager.

Performance fee

JP Morgan charge a performance fee, accrued on a monthly basis and calculated on the gross returns, less all expenses including the JPMAAM management fee, with such performance fee subject to loss carry-forward provisions, payable annually to JPMAAM and deducted from the product of:

10.0% of returns above US 3-month T-Bill

Subscriptions

Minimum subscription and minimum holding is NZD150,000. Subscriptions only accepted monthly, effective as of the first day of each month. Documentation to be received no later than the 18th calendar day prior to month end. Clear funds to be delivered to the Custodian ten (10) business days before month end.

Units will be allocated based on the price on the Valuation Date. That price will generally not be determined until approximately the 18th of the month following Valuation Date.

Redemptions

Unit holders may withdraw from the Fund on any Redemption Date by delivering to the Manager a notice in writing to that effect (a Withdrawal Notice) not later than the 23rd business day of the second preceding month before the relevant Redemption Date (approximately 67 days). Minimum redemption of 50 units.

Redemption date

Quarterly, as of each quarter end on at least 67 days' prior written notice receipted as above. The following is an example of how this works. Please note that dates may vary.



Performance (NZD gross returns before JPMAAM fees)

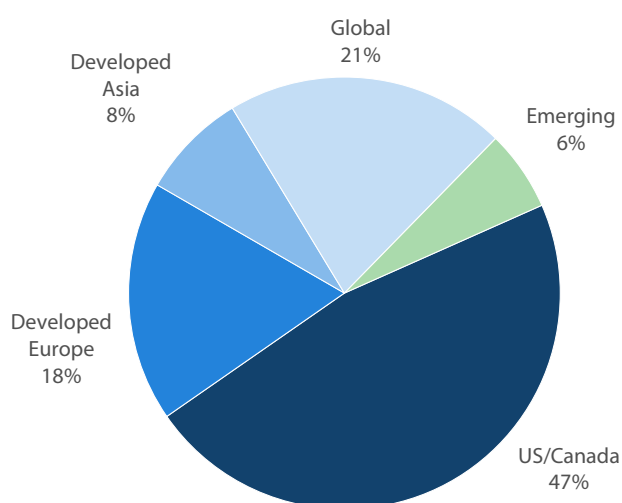
	Fund	Benchmark*	Excess
1 month	-0.09%	0.41%	-0.49%
3 months	2.48%	1.22%	1.26%
6 months	-0.09%	2.58%	-2.68%
1 year	1.53%	5.48%	-3.95%
2 years (pa)	3.90%	5.91%	-2.01%
3 years (pa)	7.00%	5.75%	1.26%
5 years (pa)	7.35%	5.57%	1.78%

* S&P/NZX Bank Bills 90-Day Index plus 2.5% per annum prior to 1 July 2016

Fund size

JPM MSF II Ltd: US\$2.8 billion
 Nikko AM Fund: NZ\$176 million

Portfolio composition by geography



Performance of key investments

Name	Strategy	Latest month	Cal YTD
QVT	Relative Value	-1.25%	-2.23%
Deerfield	Long / Short Equities	4.79%	1.22%
Palomino	Opportunistic / Macro	-0.90%	-0.62%
Senator Global Opportunity Fund	Merger Arbitrage / Event Driven	1.06%	0.28%
Tyrus Capital Event Fund	Merger Arbitrage / Event Driven	-0.35%	4.54%

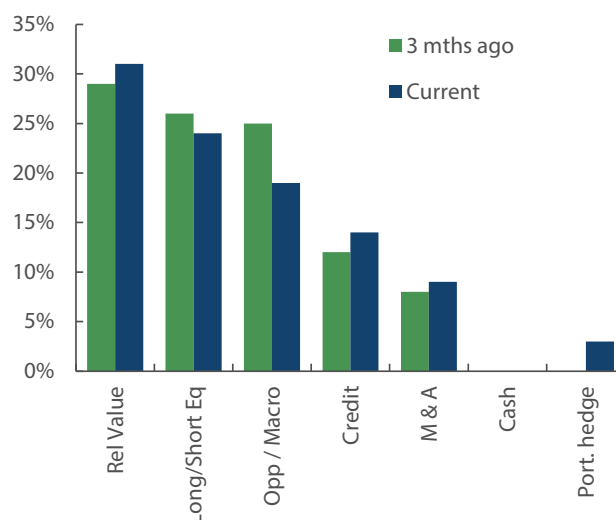
Key holdings as a percentage of the Fund **16.2%**

Investment profile

MSF II Ltd currently employs 37 managers

Strategy	Count	Strategy	Count
Opportunistic / Macro	10	Merger Arbitrage/Event	2
Long / Short Equities	10	Credit	6
Relative Value	8	Portfolio Hedge	1

Portfolio composition by strategy



Disclaimer | All information and data, with the exception of performance returns and commentary is as at one month prior to the date shown at the top of this fund summary.) 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 given and no responsibility is accepted for errors or omission including where provided by a third party. This does not constitute an offer to directly invest in the JP Morgan Multi-Strategy Fund II Limited. The above is a summary of the broad parameters under which JP Morgan Alternative Assets Management Inc. invests the funds on behalf of the investment manager (Nikko Asset Management New Zealand Limited). Investors and/or their advisers should be familiar with the JP Morgan Offering Memorandum for the JP Morgan Multi-Strategy Fund II Limited. The offering is for professional investors only. A full copy of the offering document is available from the Investment Manager. 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 and the Nikko AM NZ Wholesale Investment 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 or Fund Fact Sheet (available on our website).