

# Nikko AM Wholesale Multi-Strategy Fund

## Fund manager

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

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 NZ 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 Portfolio Investment Entity (PIE). Investors elect their own Prescribed Investor Rate. Each investor's return is subject to the foreign investment taxation regime, under the Fair Dividend Rate approach. Information is provided to the IR and investors on an annual basis.

## Distributions

Does not distribute but may do so at the Manager's discretion.

## Buy/sell spread

Nil

## Currency management

JPMAAM is responsible for hedging the foreign currency exposures back to New Zealand dollars and has developed a New Zealand dollar share class for MSF II which the Nikko AM Wholesale Multi-Strategy Fund invests in.

## Management fees

An investment management fee of 1.00% per annum and administration expenses are deducted from the offshore manager's product.

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

## 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 MSF II product of:

10.0% of returns (in USD terms) above the annualized return from US 3-month T-Bill

## Subscriptions

Minimum subscription and minimum holding is NZD150,000.

Investments can only be made into the Fund once each month. The table below outlines the application dates for the next period ended June 2017.

### Application date

The date the application money needs to be deposited to Public Trust application account.

13 October 2016	14 March 2017
15 November 2016	12 April 2017
13 December 2016	12 May 2017
13 January 2017	13 June 2017
15 February 2017	14 July 2017

## Redemptions

Withdrawals are processed quarterly with the redemption request required to Nikko AM NZ prior to the redemption date. The following table outlines the dates for 2016 and 2017 that your redemption request is required to be with Nikko AM NZ and the date that your redemption will be processed. Redemption proceeds will be available approximately 6 weeks after the redemption date.

Redemption request date	Redemption date
Redemption request submitted to Nikko AM NZ	Redemption from MSFII by the Nikko AM Wholesale Multi-Strategy Fund
15 October 2016	31 December 2016
15 January 2017	31 March 2017
15 April 2017	30 June 2017
15 July 2017	30 September 2017
15 October 2017	31 December 2017

### Performance (NZD gross returns before JPMAAM fees)

	Fund	Benchmark*	Excess
1 month	0.15%	0.39%	-0.24%
3 months	1.84%	1.23%	0.61%
6 months	4.01%	2.47%	1.55%
1 year	3.79%	5.27%	-1.48%
2 years (pa)	4.01%	5.74%	-1.73%
3 years (pa)	6.39%	5.72%	0.67%
5 years (pa)	8.14%	5.55%	2.58%

\* 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\$2.64 billion  
 Nikko AM Fund: NZ\$189 million

### Performance of key investments

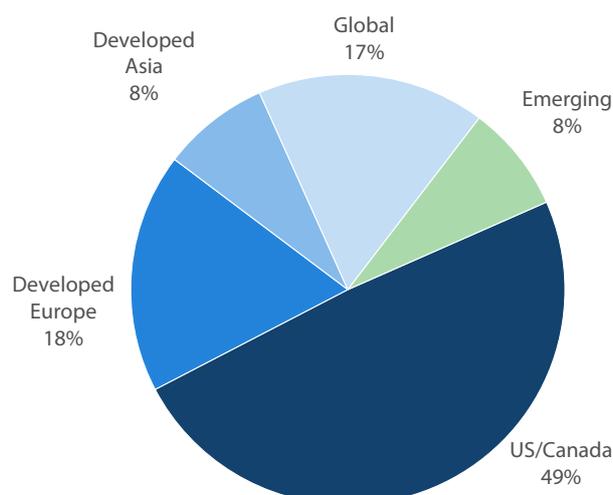
Name	Strategy	Latest month	Cal YTD
QVT	Relative Value	-0.99%	-4.82%
Deerfield	Long / Short Equities	1.12%	6.76%
Palomino	Opportunistic / Macro	0.59%	0.63
Tyrus Capital Event Fund	Merger Arbitrage / Event Driven	2.32%	7.38%
Pelham	Long / Short Equities	2.04%	1.33%
<b>Key holdings as a percentage of the Fund</b>			<b>17.3%</b>

### Investment profile

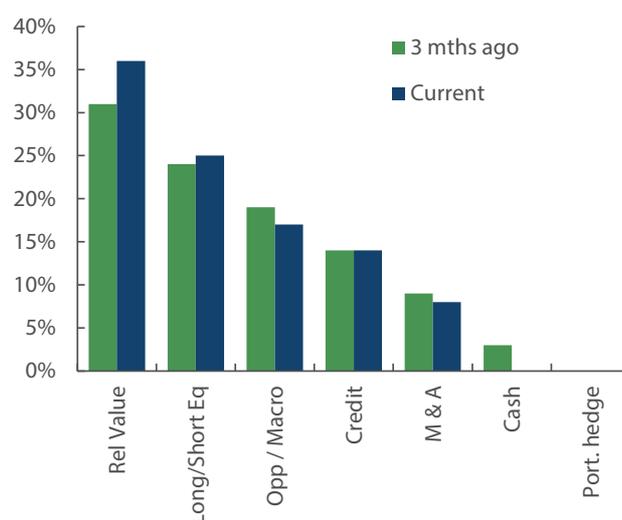
MSF II Ltd currently employs 36 managers

Opportunistic / Macro	7	Merger Arbitrage/Event	2
Long / Short Equities	10	Credit	6
Relative Value	10	Portfolio Hedge	1

### Portfolio composition by geography



### 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).