

Factsheet 28 February 2021

# NIKKO AM WHOLESALE MULTI STRATEGY FUND

The factsheet covers the MMAF ordinary share class and not the A & C share class units which are side-pocketed.

## Performance

	1 month	3 months	1 year	3 years (p.a)	5 years (p.a)	10 years (p.a)
Wholesale <sup>1</sup>	3.90%	8.92%	14.10%	6.38%	6.05%	6.58%
Benchmark <sup>2</sup>	0.27%	0.82%	3.48%	4.38%	4.57%	5.08%

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

## Applications and Redemption Schedule

Application and redemption requests can be made on a daily basis and they will be processed within 12 working days.

## 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

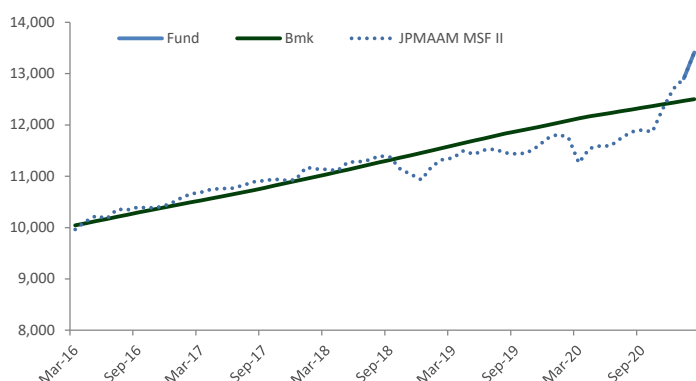
The fund provides access to a multi-manager, multi-strategy investment fund designed to generate returns over the long term.

The portfolio has a diversified risk profile with low to medium volatility.

## Objective

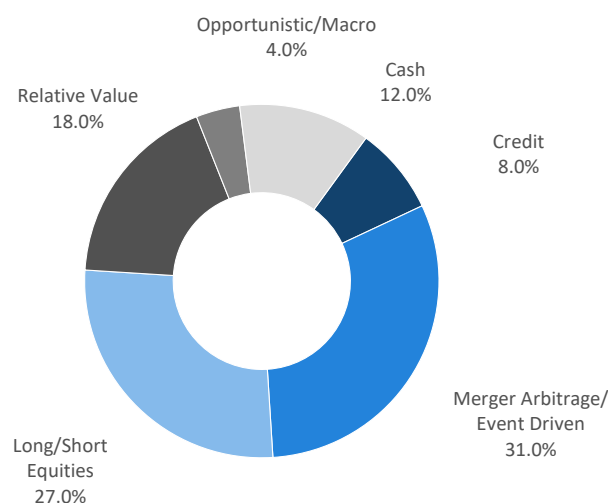
The fund aims to outperform the benchmark return before fees, expenses and taxes over a rolling three year period.

## Five Year Cumulative Performance, \$10,000 invested<sup>1,2</sup>



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

## Strategy Allocations (by value of fund)



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

On the back of positive vaccine developments and rollouts and improving economies, markets have bounced back in February after a muted start to 2021 in January. Overall, global equities increased 2.60% in February in USD terms according to the MSCI World Index. Global fixed income returns were mixed with corporate credit outperforming government bonds. Against this backdrop, the Barclays Global Aggregate Bond Index was down -2.59%. In a month of continued volatility that saw modest gains from equity markets and losses across fixed income markets, the fund continued to deliver strong positive returns. The **Relative Value Strategy** continued to have strong performance in February driven by warrant volatility arbitrage trading, typically structured as long warrants and short stock or using listed options to delta hedge the exposure. Elevated levels of volatility and increased Special Purpose Acquisition Company (SPAC) market activity have offered significant opportunities for active investors in this space. Geographically, the strategy continued to experience its strongest gains in its North American positions and by asset class, Equity positions were the top contributors overall. Consumer Discretionary was the strongest contributing sector. **Macro/Oppportunistic Strategy** was positive in February, with Global trades in the Commodity and Equity asset classes performing strongest. **Long/Short Equity Strategy** was also positive in February. Gains were seen across multiple subadvisors, driven by a number of names that reported strong earnings during the course of the month. By geography, gains in North American positions contributed the most during the month. By sector, the strategy saw its greatest performance in Consumer Discretionary and Information Technology trades. By security, Royal Caribbean performed strongly due to a highlighted increase in future bookings in their report in the last week of the month. Strong gains also came from Sonos, a manufacturer of wireless home audio products, after a strong mid-month earnings report where they announced a record number of new customers and a record number of existing customers purchasing new products. The **Merger Arbitrage/Event Driven Strategy** had another strong month in February with returns driven by the SPAC backed by trust strategy. By Geography, North American positions provided the strongest gains, while trades in financials continued to be the strongest contributors by sector. By security, SPAC winners included Tortoise Acquisition II, who announced a deal with EV charging company Volta; Osprey Technology Acquisition Corp who announced a combination with geospatial intelligence, imagery, and data analytics company BlackSky Holdings; and CC Neuberger Principal Holdings II. **Credit Strategy** was flat in February with slight gains attributed to North American positions primarily in Credit Index Securities.

There continues to be three key areas of focus where we find interesting returns with limited downside. Long/Short Equity remains a core allocation, in which we are focused on strategies with lower levels of net equity exposure to maintain the fund’s low beta profile. In credit, we focus on yield based strategies with structural benefits to help manage risk either through structural subordination or valuation protections. Lastly, we maintain significant exposure to less correlated strategies with natural downside protection but upside optionality such as SPACs and convertible bond arbitrage.

## Performance Contribution by Strategy

Strategy	No. of funds	Cal YTD
Relative Value	1	1.82%
Long / Short Equities	5	0.21%
Opportunistic / Macro	1	0.00%
Credit	2	0.28%
Event Driven	4	1.99%

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

## Key Fund Facts

### Distributions

Generally does not distribute

**Buy / Sell spread:** 0.00% / 0.00%  
**Strategy Launch:** June 2008  
**Strategy size:** \$28.8m

**Hedging** JPMAAM hedges all currency exposure back to NZ dollars.

### Estimated annual fund charges

**Wholesale:** None

**Management fee** to JPMAAM 2.20% p.a. includes underlying JPMAAM fund expenses and underlying manager fees.

## Compliance

The Fund complied with its investment mandate and trust deed during the month.

## Contact Us

[www.nikkoam.co.nz](http://www.nikkoam.co.nz) | [nzenquiries@nikkoam.com](mailto:nzenquiries@nikkoam.com)

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 an Authorised Financial Adviser 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](http://nikkoam.co.nz).