

Factsheet 31 July 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

	One month	Three months	One year	Three years (p.a)	Five years (p.a)	Ten years (p.a)
Wholesale ¹	-1.46%	-1.98%	10.59%	4.68%	4.63%	6.07%
Benchmark ²	0.27%	0.82%	3.30%	4.09%	4.39%	4.97%

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
Relative Value	2	1.28%
Long / Short Equities	6	-0.55%
Opportunistic / Macro	1	0.14%
Credit	2	0.43%
Event Driven	4	1.46%

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

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.

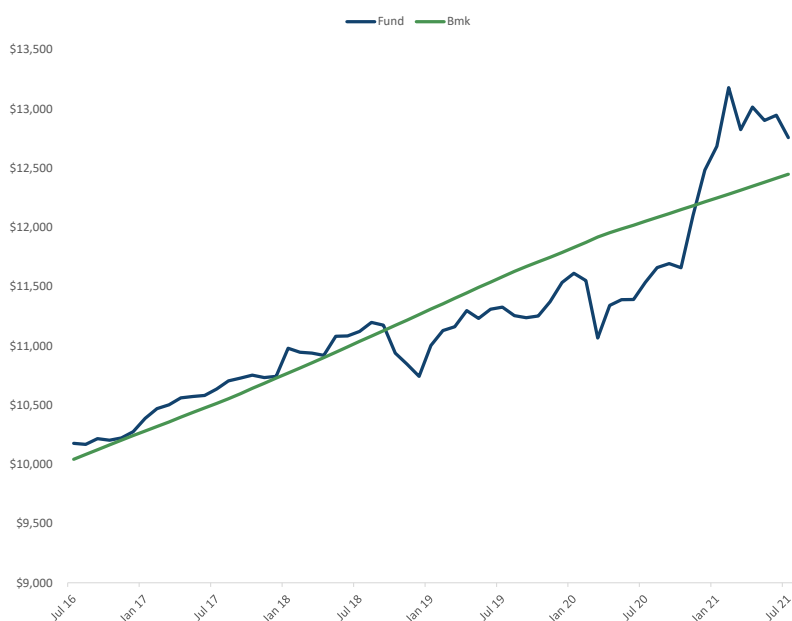
The portfolio has a diversified risk profile with low to medium volatility.

Objective

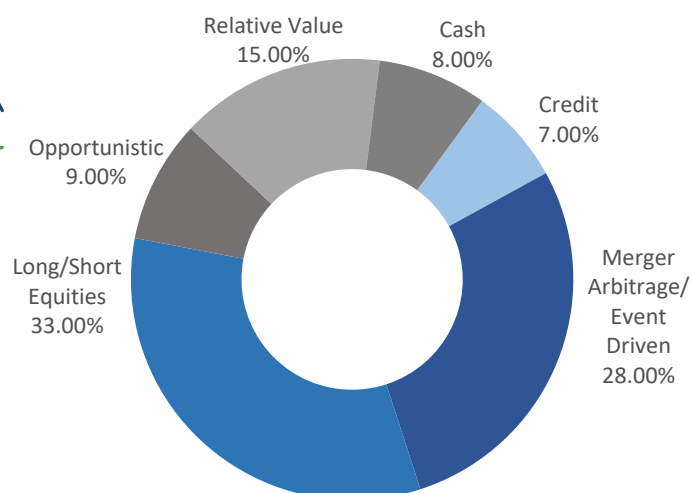
The fund aims to outperform the benchmark return before fees, expenses and taxes over a rolling three-year period.

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)

With the vaccination rate stalling in the United States and the outbreak of the Delta variant, the equity markets saw a slight pause in growth through the end of July. The MSCI World Index, global equities edged up 1.82% in July and is now up 15.40% on a year-to-date basis. Global fixed income returns were positive with credit and government bonds both up July; despite this the Barclays Global Aggregate Bond Index is down -1.92% YTD.

Against this market backdrop, the JPM Multi-Manager Alternatives Fund struggled during the month, returning -1.62%. It was a difficult month for the fund but there wasn't any one strategy that contributed to the losses. The fund is up +0.90% versus +3.27% for the HFRX Global Hedge Fund Index.

The **Relative Value Strategy** (Return: -3.47%/Attribution-0.59%) was negative in July with returns driven primarily by SPAC warrant volatility trades. These trades are typically structured long warrants and short common stock or short call options to create the arbitrage hedge. This month also marked the addition of new manager to the strategy, Blueshift, a higher-turnover, market-neutral strategy composed of directional forecasts on individual securities and liquidity provision opportunities.

The **Macro/Opportunistic Strategy** (Return: -1.44%/Attribution: -0.13%) was negative in July. The impact of short interest rate futures positioning hurt the CTA portion of the portfolio as the US interest rates declined (prices rose) following the July 2021 Fed meeting. By asset type, losses from rates, currency and equity trades outweighed gains from commodity trades. Regionally, the strategies Asia exposure posted the biggest loses.

The **Long/Short Equity Strategy** (Return: -1.45%/Attribution: -0.39%) delivered negative returns in July which were spread across managers and largely driven by exposure to a handful of concentrated conviction trades (CCTs). The portfolio of CCTs as a whole reported very strong earnings and raised guidance, but the stock reaction for a few companies was more muted than expected.

The **Merger Arbitrage/Event Driven Strategy** (Return: -1.04%/Attribution: -0.30%) had a negative month with nearly all of the losses driven by the Willis Towers Watson deal break. The planned deal between investment consultants Aon and Willis Towers Watson broke on DOJ concerns. This impacted the fund's performance in July, but we still believe the position is attractive from here.

The **Credit Strategy** (Return: +0.04%/Attribution: +0.00%) was flat in July with no meaningful drivers detracting or contributing to performance.

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	\$88.5m
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.		
Management fee to JPMAAM 1.95% 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

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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.