

Factsheet 31 August 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	-0.30%	2.49%	4.91%	4.07%	3.26%	4.69%
Benchmark ²	0.73%	2.18%	7.88%	5.16%	4.86%	5.11%

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	0.80%
Event Driven	4	0.85%
Long/Short Equities	6	1.40%
Macro/Opportunistic	1	0.51%
Relative Value	2	0.83%

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

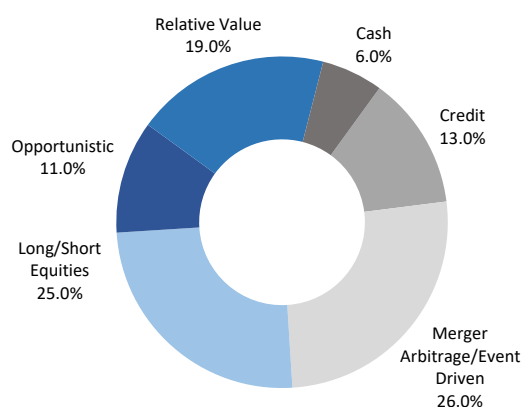
The fund aims to outperform the benchmark return before fees, expenses and taxes over a rolling three-year period.

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)

Global equity markets ended their positive two-month streak in August as volatility returned to markets. Overall, an increase in long-term rates in the U.S., weak macroeconomic data out of China and deteriorating activity levels in Europe weighed on global stocks. Global fixed income returns were also negative in August as the U.S. yield curve steepened. A ramp-up in treasuries issuance along with Fitch’s downgrade of U.S. debt pushed the long-term yields higher and weighed on bond market returns. As such, the MSCI World Index returned -2.31% and the Barclays Global Aggregate Bond Index returned -1.37% over the month.

Strategy Level Performance commentary:

Relative Value Strategy (Return: +0.04% / Attribution: +0.01%) – Overall contribution was slightly positive as the quantitative equity market neutral sub-strategy balanced out losses from the multi-strategy portfolio.

Long/Short Equity Strategy (Return: -1.07% / Attribution: -0.32%) – The strategy overall detracted in August as multiple managers struggled amidst the broader equity market decline, led by: disappointing earnings announcements from issuers such as analytics automation company Alteryx and customer experience software provider NICE, along with long positions in utilities names such as Siemens and Mastec. A key bright spot for the month was driven by a concentrated conviction trade in multinational fashion holding company Capri, which rose steeply in value in the first half of the month upon announcement that the company would be bought by peer fashion group Tapestry for a material premium.

Credit Strategy (Return: +0.83% / Attribution: +0.08%) – Both credit sub-strategies delivered positive returns on the month. The municipal bond trading sub-strategy was up modestly, while larger gains were driven by single name long positions in the long/short credit sub-strategy.

Event Driven Strategy (Return: -0.70% / Attribution: -0.18%) – Despite gains from the multi-event driven sub-strategy, the event driven strategy detracted overall on the month. Losses stemmed primarily from shareholder engagement trades in the midst of a challenging earnings season. The largest single name detractor in August was the trade in sustainable biorefinery platform Green Plains: their recent quarterly report confirmed that their biorefinery transition is on track, but they suffered from their Wood River facility being shut down due to a death at the facility and losses on hedges.

Positioning Commentary:

We continue to evolve the long/short equity lineup in an effort to address the underperformance. Over the month we fully redeemed from Portland Hill and Chilton and re-allocated the proceeds across the rest of the long/short equity portfolio.

Over the course of the month, we also tilted the macro/opportunistic allocation away from the CTA sub-strategy and towards the quantitative macro sub-strategy. This decision was driven by the high equity correlation present in the CTA sub-strategy and the view that the current environment favours the quantitative macro sub-strategy.

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	\$44.9m
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.		

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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 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.