

Factsheet 31 May 2022

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	-0.74%	-1.07%	-2.68%	3.79%	3.50%	5.62%
Benchmark ²	0.38%	1.07%	3.78%	3.79%	4.25%	4.84%

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	-0.81%
Long / Short Equities	5	-2.40%
Opportunistic / Macro	1	2.02%
Credit	2	-0.22%
Event Driven	5	-0.90%

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

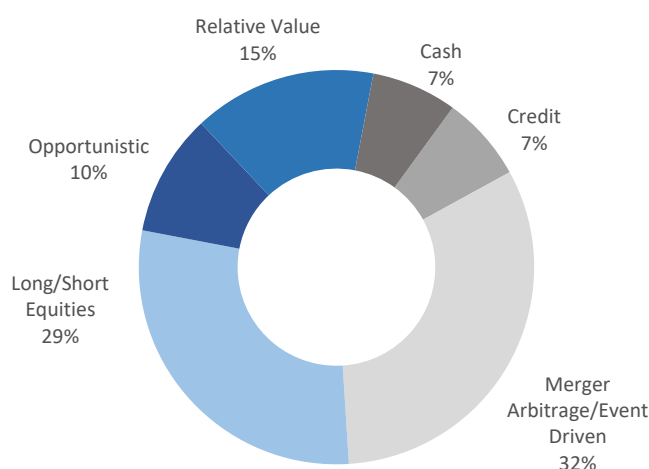
The fund aims to outperform the benchmark return before fees, expenses and taxes over a rolling three-year period.

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)

Whilst markets were broadly flat over May, there was significant intra-month volatility. Global equities recovered slightly over the month, with the MSCI World Index rising +0.14% but still down -12.77% year-to-date as persistent inflation, disappointing earnings guidance among the large cap names in the U.S., geopolitical tensions, and continued COVID-19 lockdown measures in China all weighed on returns. Global fixed income returns were also slightly positive in May as the increase in interest rates slowed down. The Barclays Global Aggregate Bond Index was up +0.27% over May.

Macro/Oppportunistic Strategy After an extremely strong January - April, the strategy was modestly positive in May. Gains in long commodity positions were balanced out by losses in short bond positions that fell upon a rebound in fixed income. The Macro/Oppportunistic strategy has served as effective diversifier in the recent market volatility and remains the highest performing strategy year-to-date.

Long/Short Equity Strategy Performance of the strategy was mixed in May, with value-oriented positions contributing positively and growth-oriented positions continuing to struggle (in line with broader equity market trends). Positions in a Global IT services provider, DXC, and a telecom leader, Liberty Global, were key contributors. Both companies saw their share prices trade up at the end of the month following strong earnings calls. Regarding detractors, the strategy’s position in Pegasystems, a software company, was a key detractor. It continues to be a challenging environment for software names, and it sold off further on news of a court verdict ordering the company to pay damages to a competitor for misappropriating trade secrets. The growth-oriented position in Farfetch, the luxury fashion retail platform, was also a key detractor.

Merger Arbitrage/Event Driven Strategy The strategy detracted over the month. A key detractor was a corporate bond position in a specialty pharmaceutical company, Endo International, which initiated debt restructuring negotiations midmonth amidst litigation over opioid sales. Positions across SPACs also detracted from returns in May as volatility continued in SPAC warrants and discounts to trust in SPAC common stock positions widened to their highest levels in over 3 years. Elsewhere in the strategy, the position in Kohl’s, a discount retailer, fell in value alongside the broader retail industry due to a poorly received earnings announcement. On a more positive note, the position in Green Plains, an ethanol producer, contributed positively amidst the announcement of a milestone aquaculture partnership and meaningful progress toward a carbon pipeline that will make much of Green Plains’ ethanol eligible for LCFS (low carbon fuel standards) credits.

Relative Value Strategy Was the largest detractor over May, driven by continued pain in the convertible bond arbitrage sub-strategy. The global sell-off in convertible bonds that has been experienced year-to-date is the worst in history for any January - May period. Meanwhile, the equity market neutral sub-strategy was approximately flat on the month.

Credit Strategy The strategy made a small positive contribution over the month as gains from positions in municipal fixed rate bonds more than offset losses from positions in corporate fixed rate bonds.

At the end of May, the fund had 23 concentrated conviction trades (CCTs) in the portfolio, which together contributed +0.10% for the month and resulted in a contribution of -0.60% year-to-date.

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	\$97.9m
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.		

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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.