

Factsheet 31 July 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 | -0.33% | -2.56% | -3.38% | 2.86% | 3.00% | 5.38% |
| Benchmark ² | 0.46% | 1.26% | 4.13% | 3.82% | 4.28% | 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 | -0.86% |
| Long / Short Equities | 7 | -2.96% |
| Opportunistic / Macro | 1 | 1.95% |
| Credit | 2 | -0.23% |
| Event Driven | 5 | -1.43% |

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

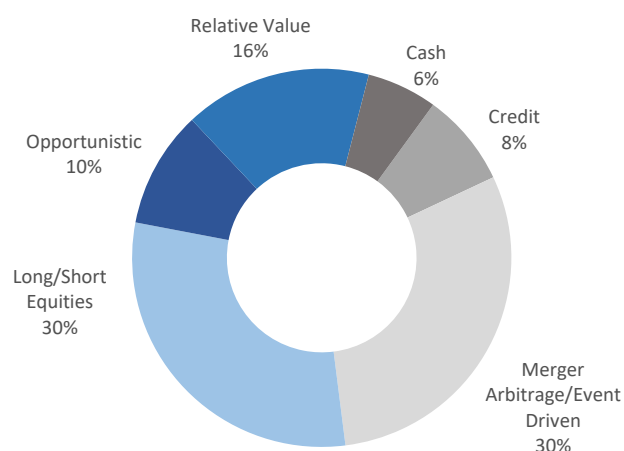
The fund aims to outperform the benchmark return before fees, expenses and taxes over a rolling three-year period.

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)

July saw economic data provide further evidence of a slowing global economy. Against this weaker growth backdrop, markets increasingly priced in interest rate cuts from the Federal Reserve in 2023.

Long/Short Equity Strategy - Performance was largely positive in July, as rising equity markets in the US and Europe provided a supportive environment. The concentrated conviction trades (CCTs) that the fund employed within this strategy had a positive month. The position in telecommunications company T-Mobile delivered a positive contribution from both the long and short leg. Part of the conviction in T-Mobile relates to expectations of outperformance versus peers so the trade includes shorts in two key competitors (AT&T, Verizon). Both these shorts contributed positively in July as they sold off on earnings despite the broader market rally. The surprise proposal of the Inflation Reduction Act of 2022 was positive for utilities names like EIX and AES, and especially renewables names like Array, Sunnova and SolarEdge. China and Hong Kong markets struggled due to mortgage market concerns, weak economic activity, and renewed COVID fears, but the impact on the fund returns was minimal as the exposure to that region remains small.

Merger Arbitrage/Event Driven Strategy - Performance from this strategy was positive in July with most of the gains coming from Green Plains which gained +33% over the month. The company remains on track with its transition from an ethanol producer to a sustainable biorefinery platform. The company is also set to benefit from several meaningful catalysts, including the potential passage of the climate-oriented Inflation Reduction Act of 2022, which represents massive tailwinds to Green Plains’ end markets. Digital auto auction business IAA made up nearly all June losses with large gains in July as the company continued its expansion with new facilities in Indiana and Hawaii and benefitted from broader tailwinds in the industrials sector.

Macro/Opportunistic Strategy - The strategy experienced its first down month of the year, driven by losses from short bond futures in the CTA sub-strategy amidst a rebound in bond markets. Year-to-date returns remain the highest amongst all strategies at 28.25%.

Relative Value Strategy - Performance from this strategy was positive, benefiting from both the equity market neutral sub-strategy and the multi-strategy sub-strategy which both delivered modest performance in July. Returns were driven by warrant volatility arbitrage positions and the rebound in convertible bonds, particularly in renewable energy names (SolarEdge, Enphase) poised to benefit from the Inflation Reduction Act.

Credit Strategy - Gains resulted from long exposure in corporate fixed rate bonds, high yield tranches in credit default swap indices (CDX) and to a lesser degree from municipal bond trading.

Key Fund Facts

Distributions

Generally does not distribute

Buy / Sell spread: 0.00% / 0.00%
Strategy Launch June 2008
Strategy size \$93.7m

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.

Estimated annual fund charges

Wholesale: None

Management fee to JPMAAM 1.95% p.a. includes underlying JPMAAM fund expenses and underlying manager fees.

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.