

Factsheet 31 August 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 | 1.64% | -0.23% | -1.34% | 3.64% | 3.20% | 5.47% |
| Benchmark ² | 0.49% | 1.37% | 4.33% | 3.85% | 4.30% | 4.85% |

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 | -0.51% |
| Long / Short Equities | 7 | -3.01% |
| Opportunistic / Macro | 1 | 2.24% |
| Credit | 2 | -0.27% |
| Event Driven | 5 | -1.08% |

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

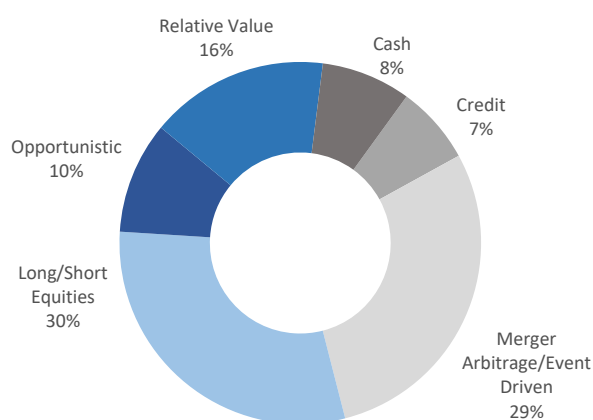
The fund aims to outperform the benchmark return before fees, expenses and taxes over a rolling three-year period.

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)

While the economic data in August was mixed, central banks’ commitment to bring inflation under control, despite the inherent risks to the growth outlook, shook both the equity and bond markets in August. All-in-all, the level of uncertainty about the outlook for the global economy remains elevated and as such the global equity markets came under downward pressure in August, having rebounded strongly in July. The MSCI World index was down -4.14% for the month. Within bond markets, higher sovereign yields led to negative returns for all fixed income sectors for the month. The Barclays Global Aggregate Bond Index was down -3.95% over August.

Merger Arbitrage/Event Driven Strategy - Performance for this strategy was the largest contributor as fundamental enhancements to multiple positions were recognized by the market. Enterprise software company **Everbridge** was the largest contributor to the strategy as the stock price rose in response to a strong earnings report and a Bloomberg report that indicated potential M&A interest in the company. Third party logistics leader **CH Robinson** gained in August on the heels of a strong quarterly report, which demonstrated strength in their core North America freight brokerage business and better than expected performance in their more cyclical freight forwarding business. Positive returns were also generated in convertible bonds, selective SPAC common stock and warrant positions, and effective index hedges. The fund has continued to reduce exposure to SPACs, which are now serving as a funding source for future opportunities.

Relative Value Strategy - Both the equity market neutral portfolio and the multi-strategy portfolio delivered positive performance in August. Event driven and idiosyncratic exposure in the convertible and equity arbitrage strategies were the primary contributors. Within the convertible arbitrage sub-strategy, sports streaming provider **FuboTV**, crypto currency exchange provider **Coinbase Global**, and cloud-based software company **Avalara** were the largest contributors. The outlook is very compelling towards event driven and corporate structure arbitrage opportunities in the U.S. and Europe. The equity arbitrage sub-strategy profited as a number of these situations saw catalysts emerge in August. The volatility arbitrage sub-strategy also contributed positively as the fund monetized single name option positioning that benefited as underlying volatility rose. With respect to the equity market neutral portfolio, trades within US consumer discretionary and info tech sectors were the key drivers.

Macro/Opportunistic Strategy - The strategy recovered most of the July losses, led by gains in the CTA sub-strategy derived from short bond futures and long USD FX positioning. Year-to-date returns remain the highest among all strategies.

Long/Short Equity Strategy - Performance was slightly negative as the impact of a broad market selloff marked by weak earnings guidance was balanced out by idiosyncratic and thematic gains in some long positions, along with effective hedges and short positions. Key detractors were telecom leader **Liberty Global** and IT services provider **DXC** amidst a broader selloff in equity markets generally and in the value factor specifically. Companies related to alternative energy and renewables, such as **AES**, **Enovix** and **Array** were key contributors as the passing of the Inflation Reduction Act served as a major tailwind for this industry. Luxury fashion platform **Farfetch** also contributed positively as it beat earnings expectations and announced other positive fundamental developments relating to brand expansion.

Credit Strategy - Modest losses occurred from exposure to corporate fixed rate bonds and CDX HY tranches amidst the retracement in fixed income markets, while the municipal bond sub-strategy ended flat on the month.

| | | |
|--|------------------------|--------------------------------------|
| 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 | \$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. | | |

Contact Us

www.nikkoam.co.nz | 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 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.