

Factsheet 30 September 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	-1.43%	-0.15%	-2.38%	3.20%	2.86%	5.19%
Benchmark ²	0.50%	1.45%	4.56%	3.91%	4.32%	4.86%

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	-0.67%
Long / Short Equities	7	-4.25%
Opportunistic / Macro	1	2.50%
Credit	2	-0.35%
Event Driven	5	-1.97%

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

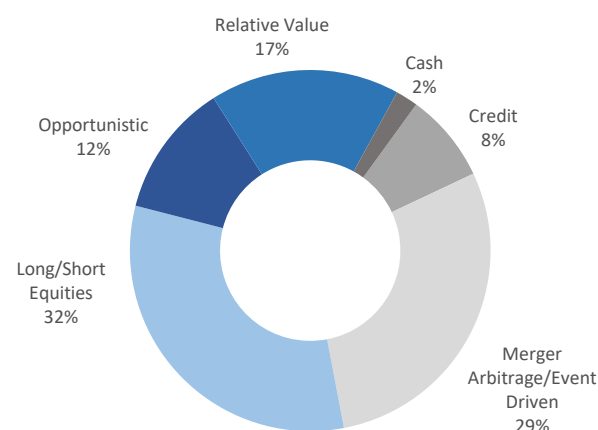
The fund aims to outperform the benchmark return before fees, expenses and taxes over a rolling three-year period.

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)

September was another extremely challenging month as global markets experienced a broad sell-off across both equities and bonds. Persistently high inflation, hawkish central banks and concerns around a global economic recession all continued to weigh heavily on markets. The MSCI World Index was down -9.27% for the month whilst the Barclays Global Aggregate Bond Index was down -5.14%.

Merger Arbitrage/Event Driven Strategy - Equity-oriented positions were the largest detractor given the broad equity market sell-off. The position in CH Robinson, a third-party logistics provider, was a key detractor as it was hurt further by poor earnings guidance from competitor FedEx. Sustainable biorefinery platform Green Plains sold off in sympathy with oil declines due to its legacy ethanol operations. The fund tightened its hedges associated with the shareholder engagement concentrated conviction trades (CCTs), which led to additional downside protection and contributed over 0.10% on the month. Elsewhere within the strategy, the multi-event driven sub-strategy ended flat on the month. The fund has continued to reduce its exposure to SPACs, which are now serving as a funding source for future opportunities.

Relative Value Strategy - Positive returns from the equity market neutral sub-strategy, specifically within US Consumer Discretionary and Info Tech sectors, helped to partially offset losses in the multi-strategy portfolio. For the multi-strategy portfolio, losses within the convertible arbitrage sub-strategy were a key driver as U.S. Convertibles suffered their worst September since 2008; however, losses were mitigated somewhat by a focus on shorter duration higher-quality credits and some opportunistic selling of convertible exposure early in the month. Gains from corporate structure and merger arbitrage exposure partially offset these losses.

Macro/Opportunistic Strategy - Despite long equity positioning during a steep equity drawdown, both macro sub-strategies delivered positive returns in September and for the third quarter overall. Gains were driven by short positioning in US and European bonds as well as long positioning in the US dollar.

Long/Short Equity Strategy - The broad equity market selloff was the overriding driver of negative performance across managers in this strategy, even as index hedges played a meaningful role in limiting further losses. The impact was felt across regions and sectors, except for some defensive healthcare names that proved more resilient: for example, med tech company Smith and Nephew rose in early September on speculation that a foreign competitor may be looking to acquire the business, but macro forces later dominated the market, and the stock gave back most of its gain. One of the largest losses came from the position in Europe-focused telecom company Liberty Global due to the impact of mounting recession risk in Europe. Several managers did finish the quarter in positive territory due to tailwinds from the Inflation Reduction Act and idiosyncratic gains related to positive earnings and event paths.

Credit Strategy - Losses were driven by net long exposure to US corporate bonds amidst the steep market selloff but were partially offset by the municipal bond sub-strategy, which was positioned defensively and ended slightly positive on the month. Overall, the fund’s hedged and actively traded approach to credit protected against 80% of the September drawdown in fixed income.

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	\$91.4m
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.