

FACTSHEET 30 JUNE 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 | 2.26% | 2.58% | 6.03% | 4.81% | 3.42% | 4.82% |
| Benchmark ² | 0.71% | 2.08% | 7.33% | 4.84% | 4.73% | 5.05% |

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 | 0.60% |
| Event Driven | 4 | 0.79% |
| Long/Short Equities | 8 | 1.56% |
| Macro/Opportunistic | 1 | 0.44% |
| Relative Value | 2 | 0.78% |

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.

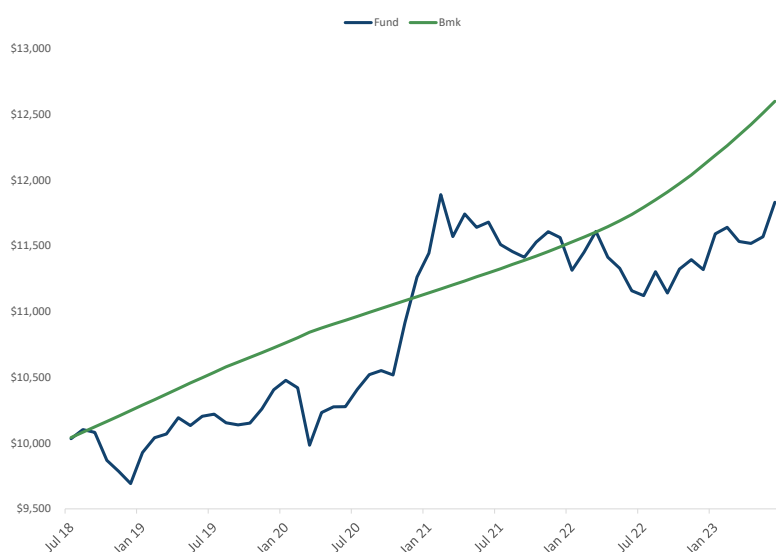
The portfolio has a diversified risk profile with low to medium volatility.

Objective

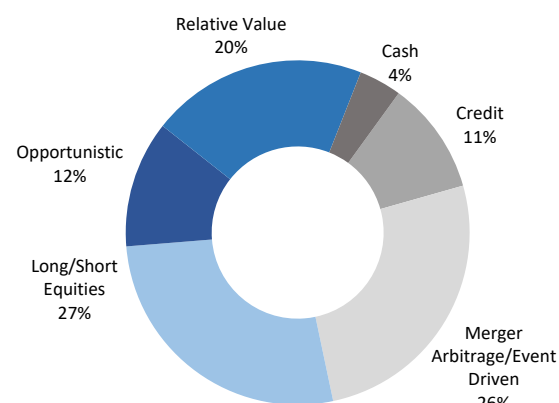
The fund aims to outperform the benchmark return before fees, expenses and taxes over a rolling three-year period.

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 rebounded in June as resilient economic data in the U.S. pushed back the timeline for an anticipated downturn while corporate governance reforms in Japan rekindled investors’ interest in its equities. Global fixed income returns were mixed in June with credit outperforming government bonds as investors digested the continued hawkishness of central banks and resiliency in corporate earnings. As such, the MSCI World Index returned 6.08% while the Bloomberg Global Aggregate Bond Index returned -0.01% over the month.

Strategy Level Performance:

Relative Value Strategy (Return: +0.98% / Attribution: +0.20%) Both managers contributed positively in June. The multi-strategy portfolio was mixed as gains from convertible bond arbitrage and Japanese equity RV trades outpaced fragmented losses across other credit-oriented sub-strategies.

Long/Short Equity Strategy (Return: +3.21% / Attribution: +0.81%) The strategy overall contributed positively in June as multiple managers benefited from the broader equity market rally and a number of idiosyncratic trades. US market outperformed other regions, but equity markets in China and Europe were positive as well. Within the US, gains were led by consumer discretionary, industrials, and materials sectors. A consumer-focused manager delivered meaningful gains from software and services names (Palo Alto Networks, Five9) and transportation names (Uber, Grab). Other meaningful gains were led by a CCT in an electronics manufacturing company Flex held by a value-focused manager.

Credit Strategy (Return: +1.99% / Attribution: +0.19%) Both credit sub-strategies delivered positive returns on the month. Municipal bond trading sub-strategy was up modestly, while larger gains in the long/short credit sub-strategy were primarily driven by tactical exposure to HY CDX tranches. At the end of April, the fund had 18 CCTs in the portfolio, which together contributed +0.43% for the month and +0.64% year-to-date. CCTs since January 2020 (when we began monitoring their performance separately) have contributed +6.90% to fund returns.

Merger Arbitrage/Event Driven Strategy (Return: +1.97% / Attribution: +0.49%) Gains in this strategy were led by shareholder engagement trades in auction company Ritchie Bros, which continues to increase in value following its merger with IAA; infrastructure company Mueller Water Products, which is now the highest performing CCT year-to-date with the stock up nearly 50% since January; manufacturing company Berry Global, whose CEO is retiring at year end, which is likely to lead to new leadership that can sell the more cyclical Engineered Materials business or potentially a sale of the entire company. Multi-event driven sub-strategy also contributed positively on the month.

Allocation Decisions:

- We added a new manager to the portfolio in the last week of the month, High Ground. It employs a European focused long/short equity strategy with a fundamental approach based on duration, quality and accounting risk. The strategy is a high conviction, concentrated and liquid portfolio of long and short ideas forecasted over a multi-year horizon. On the long side, High Ground looks to buy high quality businesses well below intrinsic value with duration of at least 25 years operational visibility and quality superior franchises which will consistently return more than their cost of capital. On the short side they seek companies pressured by secular trends with dishonest accounting, preferring to short expensive companies with share prices that have halved to those that have doubled.
- The new allocation to High Ground was funded from a combination of cash on hand and redemptions from an existing European long/short equity manager.

Key Fund Facts

Distributions

Generally does not distribute

Estimated annual fund charges

Wholesale: None

Buy / Sell spread: 0.00% / 0.00%
Strategy Launch: June 2008
Strategy size: \$62.9m

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

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 | zenquiries@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.