

Nikko AM Wholesale Multi-Strategy Fund

Monthly Update 31 December 2023

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)
Wholesale¹	1.65%	2.28%	7.00%	2.45%	4.56%	4.17%
Benchmark²	0.72%	2.18%	8.60%	5.78%	5.12%	5.23%

1. Returns are before tax and before the deduction of fees

2. Current Benchmark: Bloomberg NZ Bond Bank Bill Index plus 3.0% per annum. No tax or fees

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.

Performance Contribution by Strategy

Strategy	No. of funds	Contribution YTD*
Credit	2	1.55%
Event Driven	4	1.55%
Long/Short Equities	6	2.31%
Macro/Opportunistic	1	-0.24%
Relative Value	2	1.42%

*Contribution is for the calendar year.

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

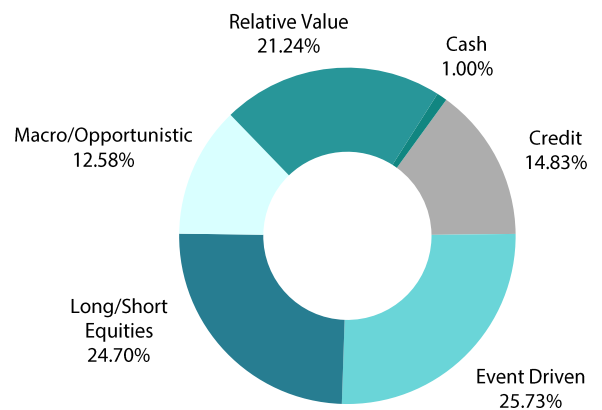
The fund aims to outperform the benchmark return before fees, expenses and taxes over a rolling three-year period.

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 Allocation (by value of fund)



Market Commentary

Global equity markets continued to reverse the third quarter narrative over December. Growing excitement that central banks will cut interest rates sooner in 2024 than previously expected resulted in an 'almost everything rally'. The S&P 500, with its growth tilt, was the best performing major equity index over the quarter. Fixed income markets were also positive as expectations of early central bank-cuts, tightening spreads and a weakening dollar supported positive returns. As such, the MSCI World Index returned +4.94% and the Barclays Global Aggregate Bond Index returned +4.16% over the month.

Fund Commentary (source: JPMAAM for underlying USD share class)

Four out of the five strategy returns were positive for the month of December.

Long/Short Equity Strategy (Return: +3.85% / Attribution: +0.97%)

The strategy contributed positively in December amidst the broader equity market rally, led by positions in bowling centres company Bowlero, which benefitted from falling rates, stabilizing industry trends, meaningful recent stock buybacks, and the closing of a very favourable sale leaseback transaction. Manufacturing solutions provider Flex, which completed its spinoff of Nextracker at the start of the year and aluminium product manufacturer Constellium, both contributed significantly too. Major gains were also made by a technology focused manager with positions in software & services names. As the broader utilities market continued to retrace losses, gains were also made by the utilities focused manager via names such as AES, solar company Sunnova Energy, and infrastructure construction company MasTec.

Event Driven Strategy (Return: +2.89% / Attribution: +0.76%)

The largest gains were driven by hedged shareholder engagement trades as idiosyncratic catalysts played out and broader equity markets were supportive. The shareholder engagement trade in animal health pharmaceuticals company Elanco was the single largest contributor amidst a mid-month announcement of the manager's engagement and focus on replacing the CEO and refreshing the company's board. The stock rose on the back of this news, with gains of over 26% over the course of the month. Elsewhere in event driven, smaller gains were also delivered by multi-event driven managers, led by event trades in healthcare and industrials and in long convertible bond exposure.

Credit Strategy (Return: +2.42% / Attribution: +0.29%)

Credit strategies contributed meaningfully in December, led by the corporate credit manager's long/short credit book and concentrated conviction trades in CDX and CMBX tranches, alongside continued steady gains from the municipal bond trading manager.

Relative Value Strategy (Return: +1.16% / Attribution: +0.25%)

Relative Value strategies also contributed positively on the month, driven by continued gains from the quantitative equity market neutral sub-strategy and strong performance from the multi-strategy portfolio led by long corporate and convertible bond positions.

Macro/Opportunistic Strategy (Return: -3.98% / Attribution: -0.54%)

Macro strategies were the only detracting strategy for the month, driven by short rates positioning in the CTA sub-strategy and long USD currency positioning in the quantitative macro sub-strategy.

Key Fund Facts

Estimated annual fund charges (incl. GST)		Hedging:	JPMAAM hedges all currency exposure back to NZ dollars.	Strategy Launch:	June 2008
Wholesale:	None.	Redemptions:	Requests can be made on a daily basis and they will be processed within 12 working days.	Strategy size:	\$43.6m
Distributions:	Generally does not distribute			Buy / Sell spread:	0.00%/0.00%
Management Fee to JPMAAM 1.95% p.a. includes underlying JPMAAM fund expenses and underlying manager fees.					

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 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.