

Nikko AM Wholesale Multi-Strategy Fund

Monthly Update 31 January 2024

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	0.11%	3.22%	4.60%	1.94%	4.08%	4.11%
Benchmark²	0.72%	2.17%	8.70%	5.94%	5.19%	5.26%

1. Returns are before tax and before the deduction of fees and including tax credits (if any).
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	0.25%
Event Driven	4	-0.27%
Long/Short Equities	6	-0.16%
Macro/Opportunistic	1	0.31%
Relative Value	2	0.08%

*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

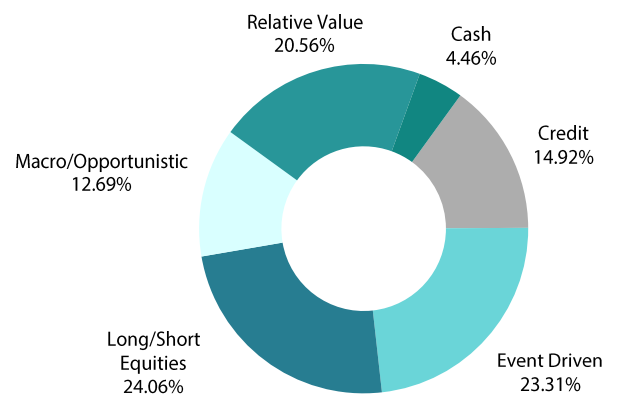
The fund aims to outperform the benchmark return before fees, expenses and taxes over a rolling three-year period.

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

Following the 'almost everything rally' that characterised the final quarter of 2023, performance across asset classes was mixed in January. Optimism around a 'soft landing' scenario continued the rally in the 'Magnificent Seven' stocks as a number of data releases pointed to the ongoing resilience of the US economy. On the other hand, strong growth data, coupled with pushback from some central bankers on the Federal Reserve's dovish outlook for rate cuts, proved to be a not so positive environment for fixed income. As such, the MSCI World Index returned +1.23% and the Barclays Global Aggregate Bond Index returned -1.38% over the month.

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

Three out of the five strategy returns were positive for the month of January.

Macro/Oppportunistic Strategy (Return: +2.44% / Attribution: +0.31%)

Macro strategies reversed course from a challenging Q4 with gains across both sub-strategies. Positive performance in the quantitative macro sub-strategy was driven by long Japanese and European equities positioning and long USD currency positioning. Additional gains from the CTA sub-strategy was driven by long Japanese and short Hong Kong equities positioning.

Credit Strategy (Return: +1.89% / Attribution: +0.25%)

Credit strategies contributed positively in January despite global fixed income markets selling off materially. Performance in the strategy was led by the structured credit manager, driven primarily by meaningful gains in CCTs in CDX and CMBX tranches, while their long/short credit book ended the month net positive despite weakness in the broader market. Additional gains were delivered by the municipal bond trading sub-strategy which has generated positive returns every month since April 2022.

Relative Value Strategy (Return: +0.40% / Attribution: +0.08%)

Relative Value strategies contributed positively on the month, driven by continued gains from the quantitative equity market neutral sub-strategy, while performance from the multi-strategy portfolio was flat to start the year.

Long/Short Equity Strategy (Return: -0.61% / Attribution: -0.16%)

The strategy overall detracted in January with performance split across sub-strategies; losses were driven by utilities and renewables focused manager, value equity concentrated conviction trades (CCTs) and China focused manager. These losses were partially offset by gains in other parts of the long/short equity strategy, particularly in technology-focused positions.

Event Driven Strategy (Return: -1.11% / Attribution: -0.27%)

Losses were driven primarily by hedged shareholder engagement trades amidst a selloff in small cap equities, particularly in the sectors where the shareholder engagement manager is most concentrated, including industrials and materials. The shareholder engagement trade in sustainable biorefinery platform Green Plains was the single largest detractor. The manager is working hard behind the scenes to put the company in play. These losses were partially muted by gains from effective index and peer hedges. Returns elsewhere in event driven were largely flat with multi-event driven sub-strategies delivering gains in equity-oriented trades that were largely offset by losses in convertible bond exposure.

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:	\$43.5m
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.					

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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 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.