

Nikko AM Wholesale Multi-Strategy Fund

Monthly Update 31 May 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	0.62%	1.48%	8.76%	2.63%	4.43%	4.26%
Benchmark²	0.72%	2.17%	8.96%	6.56%	5.45%	5.37%

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	0.69%
Event Driven	4	-0.90%
Long/Short Equities	6	1.59%
Macro/Opportunistic	1	2.07%
Relative Value	3	0.41%

*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

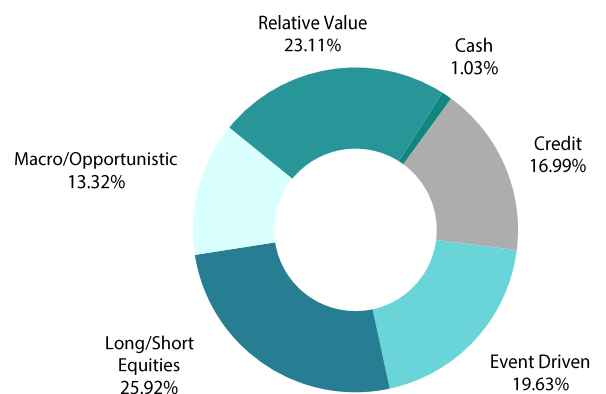
The fund aims to outperform the benchmark return before fees, expenses and taxes over a rolling three-year period.

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

May was a good month for both equities and fixed income. After returns falling in April, US equities rebounded in May, supported by better-than-expected first quarter earnings results across a number of sectors. Ongoing investor optimism about the economic outlook supported risk assets. Solid corporate fundamentals have helped keep credit spreads well anchored. As such, both stock and bond markets responded positively with the MSCI World Index returning +4.53% and the Barclays Global Aggregate Bond Index returning +1.31% over the month.

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

Two out of five strategy returns were positive for the month of May.

Long/Short Equity Strategy (Return: +2.78%)

Long/Short equity strategy rebounded materially in May, capturing nearly two thirds of the rally in global equity markets. The top contributor was a technology sector specialist manager delivering +6.5% returns in May driven by long positions within software & services (Wix.com, Interdigital, Clearwater Analytics) and in semiconductors (Nvidia, Tower Semiconductor). Other key contributors included gains from a utilities specialist manager (Mastec, Siemens, Enovix, Fluence) and from a European specialist manager in the healthcare and financials sector (Humana, Julius Baer, Legal & General).

Credit Strategy (Return: +0.96%)

Credit strategies also delivered positive returns, both from the structured credit book, largely driven by the CDX tranche CCT, and to a lesser degree, from continued gains in the municipal bond trading sub-strategy.

Relative Value Strategy (Return: -0.23%)

Relative Value strategies detracted slightly as a whole, as losses from a quantitative equity manager were partially offset by gains in the multi-strategy portfolio, particularly from equity warrants and index option trading, and from a statistical arbitrage manager.

Macro/Opportunistic Strategy (Return: -0.45%)

Macro strategies detracted modestly overall with small gains in the CTA sub-strategy from long equity and commodity positioning outpaced by losses in the quantitative macro sub-strategy driven by long USD FX trades.

Event Driven Strategy (Return: -0.79%)

May losses were primarily driven by volatility in the shareholder engagement strategy amidst meaningful negative price action in CCTs. Sustainable biorefinery platform Green Plains' Q1 earnings call drove a mid-month selloff, and US railroad company Norfolk Southern experienced investor disappointment in a proxy vote wherein the manager received fewer seats than targeted, and the shareholders did not elect to replace the CEO. The investment thesis for both trades remains consistent as shareholder engagement efforts continue, through advocacy for a full sale of Green Plains, and persistent efforts with Norfolk Southern to strengthen operations and remove the current CEO. On the other hand, multi-event portfolios delivered modest gains driven by convertible bond trades and an optionized trade in Vodafone, which increased on the announcement of a material share buyback plan.

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:	\$31.1m
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.