

# Nikko AM Wholesale Multi-Strategy Fund

Monthly Update 31 July 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)
<b>Wholesale<sup>1</sup></b>	0.57%	1.16%	6.36%	3.20%	4.36%	4.21%
<b>Benchmark<sup>2</sup></b>	0.73%	2.18%	8.96%	6.88%	5.59%	5.42%

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	1.14%
Event Driven	4	-0.49%
Long/Short Equities	6	1.38%
Macro/Opportunistic	1	1.58%
Relative Value	3	0.76%

\*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.

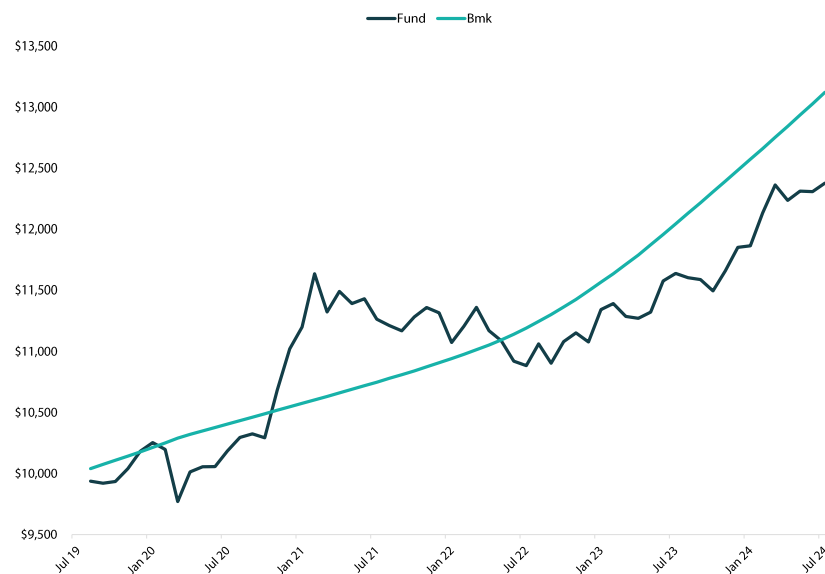
The portfolio has a diversified risk profile with low to medium volatility.

## Objective

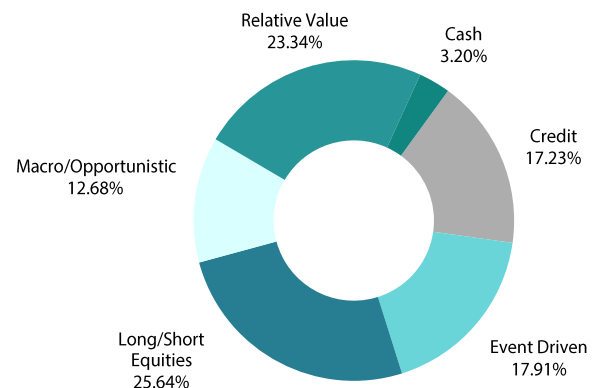
The fund aims to outperform the benchmark return before fees, expenses and taxes over a rolling three-year period.

## Five Year Cumulative Performance, \$10,000 invested<sup>1,2</sup>

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

July proved to be a volatile month as markets digested a number of notable economic and political developments. A weaker than expected US Consumer Price Index (CPI) reading early in the month, combined with weaker US labour market data, reassured bond investors that the Federal Reserve (Fed) will soon begin cutting interest rates, spurring a rotation into small cap stocks and other interest-rate sensitive asset classes. As such, the MSCI World Index returned +1.79% and the Barclays Global Aggregate Bond Index returned +2.76% over the month.

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

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

### Event Driven Strategy (Return: +3.28%)

Most of the gains were contributed by the shareholder engagement sub-strategy driven mainly from CCTs like US railroad company Norfolk Southern which reported strong earnings and margin expansion aligned with the guidance management provided and packaging manufacturer Berry Global which continues to make positive traction on spinning off a non-core business. Additional gains also came from the multi-event portfolios driven by convertible bond trades (Cable One Inc., Lumentum Holdings Inc.) followed by gains in equity-oriented names (Liberty Broadband Corp., Illumina Inc.).

### Credit Strategy (Return: +1.90%)

Credit strategies delivered positive returns for the month. Most of the gains came from the structured credit exposure and single name HY bonds. Additional gains were also made within the municipal bond trades which continue to deliver strong returns.

### Long/Short Equity Strategy (Return: +0.39%)

Long/Short Equity strategies made modest gains for the month. Most of the gains were driven by a US equity long/short manager driven by Consumer Staples (Inter Parfums Inc. and Edgewell Personal Care Co.) and Consumer Discretionary (Service Corp International and Bright Horizons Family Solutions Inc) sectors. Additional gains were made from a US fundamental long/short manager driven by long positions in Information Technology (Q2 Holdings Inc.) and Communication Services (Spotify, Charter Communications Inc.) sectors. These gains were partially offset by losses in a technology specialist manager driven by short positions in Communication Services and a China focused manager who lost money in Health Care and Industrials as the broad Chinese equities market declined for the month.

### Relative Value Strategy (Return: -0.29%)

Relative Value strategies detracted for the month, with most of the losses coming from a statistical arbitrage manager particularly from Consumer Discretionary and Information Technology sectors. These losses were partially offset by gains in a multi-strategy portfolio driven mainly from their convertible arbitrage positions (Desktop Metals). Our recent addition, a statistical arbitrage manager was flat for the month with gains from Index Trading and Health Care being offset by losses in Communication Services and Financials.

### Macro/Opportunistic Strategy (Return: -2.78%)

Macro strategies detracted in July. The CTA sub-strategy detracted with most losses coming from short fixed income positions within the rates book, particularly in the United States and Europe. Additional losses came from long USD positioning relative to other currencies. The quantitative macro sub-strategy was also down but slightly less than the CTA sub-strategy. The largest detractor was the long equity exposure, particularly in the US and Japan. Additional losses stemmed from the FX and rates books which were hurt by long USD currency exposure and short US fixed income positioning where losses outpaced corresponding gains in long European rates trades.

## Key Fund Facts

<b>Estimated annual fund charges (incl. GST)</b>		<b>Hedging:</b>	JPMAAM hedges all currency exposure back to NZ dollars.	<b>Strategy Launch:</b>	June 2008
<b>Wholesale:</b>	None.	<b>Redemptions:</b>	Requests can be made on a daily basis and they will be processed within 12 working days.	<b>Strategy size:</b>	\$30.1m
<b>Distributions:</b>	Generally does not distribute			<b>Buy / Sell spread:</b>	0.00%/0.00%
<b>Management Fee</b> to JPMAAM 1.95% p.a. includes underlying JPMAAM fund expenses and underlying manager fees.					

## Contact Us

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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.