

# Nikko AM Wholesale Multi-Strategy Fund

Monthly Update 31 August 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>	-0.34%	0.20%	6.32%	3.24%	4.42%	4.08%
<b>Benchmark<sup>2</sup></b>	0.72%	2.17%	8.95%	7.03%	5.65%	5.44%

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	1.18%
Event Driven	5	-0.20%
Long/Short Equities	6	1.39%
Macro/Opportunistic	1	0.80%
Relative Value	3	0.96%

\*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

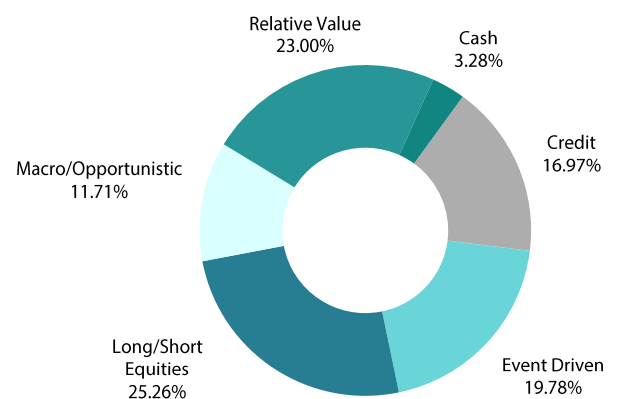
The fund aims to outperform the benchmark return before fees, expenses and taxes over a rolling three-year period.

## 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

August was an eventful month for investors. Any hopes of a late summer lull were quickly dashed at the beginning of month after the publication of disappointing US economic data, together with an interest rate hike by the Bank of Japan, sparked a sharp sell-off across global equity markets. However, by month end, the market had rebounded as investors began to price in more aggressive policy easing by the Federal Reserve. Despite the volatility, August was a good month for traditional investors as equity and fixed income markets provided positive returns. As such, the MSCI World Index returned +2.68% and the Barclays Global Aggregate Bond Index returned +2.37% over the month.

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

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

### Event Driven Strategy (Return: +1.62%)

Event driven strategy was the best performing strategy for the month. Most of the gains were made by the shareholder engagement sub-strategy driven mainly from a packaging manufacturer Berry Global which continues to make positive traction on spinning off a non-core business. Additional gains came from other Concentrated Conviction Trades (CCTs) like US railroad company Norfolk Southern. Multi-event portfolios also contributed modestly to gains driven by positions in materials, transportation and software sectors. The fund also onboarded an event driven manager focused on merger-related and non-merger special situations which relies on uncorrelated catalyst-driven alpha as its primary source of returns.

### Relative Value Strategy (Return: +0.83%)

Relative Value strategy contributed positively for the month, with most gains coming from a statistical arbitrage manager. The manager made consistent gains throughout the month which were well diversified by investment strategy, forecast horizon, and signal type as valuation, option-informed, fundamental, sentiment, and technical alpha signals all performed well. Additional gains were made in the multi-strategy portfolio. These gains were partially offset by losses in a quantitative equity manager with losses concentrated in information technology, consumer discretionary, and communications, while financials and health care generated partially offsetting gains.

### Credit Strategy (Return: +0.26%)

Credit strategy ended the month slightly positive with most gains coming from the municipal bond trading strategy. The gains were partially offset by losses in a structured credit manager who lost money in HY CDX trades.

### Long/Short Equity Strategy (Return: +0.05%)

Long/Short Equity strategy ended the month flat. Most of the gains were made by a technology specialist manager driven by long positions in information technology (Clearwater Analytics Holding, Interdigital Inc.). Additional gains were contributed by a consumer-focused manager who made money in consumer discretionary (Doordash, Mercado Libre Inc.) and industrials (Uber) sectors. These gains were offset by losses in a US mid-cap manager driven by long positions in information technology (Cognex Corp, Qualys Inc.) and healthcare (US Physical Therapy Inc.) sectors.

### Macro/Opportunistic Strategy (Return: -5.97%)

Macro strategy detracted significantly in August, more than offsetting the gains made in the other four strategies. The CTA sub-strategy was down significantly in early August and moderately recovered over the month. Losses were concentrated in long equity positions though there was also a notable loss from short fixed income positions globally as well. Smaller losses in FX were cancelled out by gains in commodities. The quantitative macro sub-strategy was down marginally more than the CTA strategy over the month, with similar underperformance versus the broader quantitative macro peer universe. Losses were spread across asset classes. The largest detractor was the long equity exposure, particularly in the US and Japan, whilst a notable long USD position led to losses there. Additional losses stemmed from the rates and commodities books. Over the month, rates lost from both the long and short sides of the book, though a long position in the US fixed income offset some losses

## 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>	\$28.2m
<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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