Nikko AM Wholesale Multi-Strategy Fund

Monthly Update 30 September 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)
Wholesale[1]	0.70%	0.93%	7.21%	3.61%	4.60%	4.10%
Benchmark[2]	0.70%	2.17%	8.95%	7.18%	5.73%	5.46%

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	1.73%
Event Driven	4	-0.27%
Long/Short Equities	5	1.45%
Macro/Opportunistic	1	1.12%
Relative Value	3	1.01%

*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.

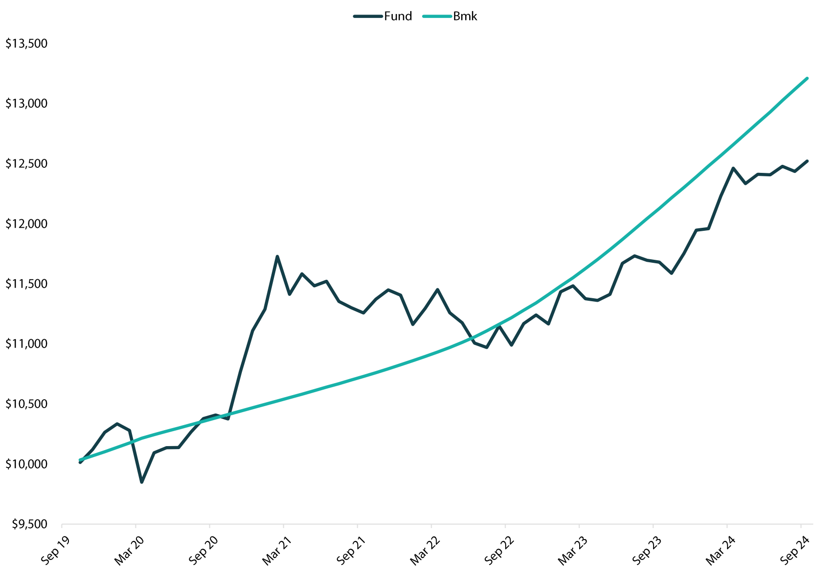
The portfolio has a diversified risk profile with low to medium volatility.

Objective

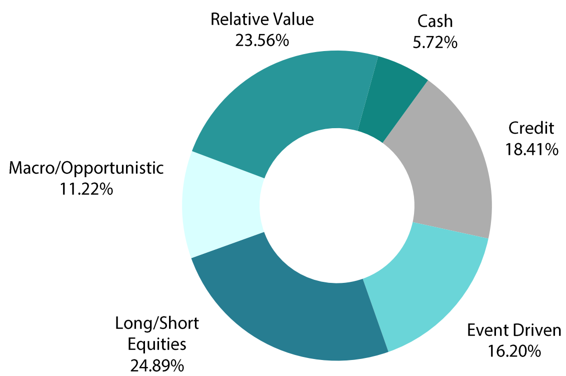
The fund aims to outperform the benchmark return before fees, expenses and taxes over a rolling three-year period.

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

September saw pivotal shifts as the US and China moved decisively to support growth, potentially extending the risk-on rally into 2025. The Federal Reserve cut rates by 50 basis points, prioritizing economic growth over inflation control, while China introduced coordinated stimulus measures to boost its economy. These actions have increased the likelihood of a global economic soft landing, supporting risk assets like equities. Meanwhile, geopolitical tensions in the Middle East and the tight U.S. presidential race could introduce short-term volatility. As such, the MSCI World Index returned +1.86% and the Barclays Global Aggregate Bond Index returned +1.70% over the month.

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

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

Credit Strategy (Return: +2.92%)
The credit strategy continued to sustain its positive momentum and was the biggest driver of gains for the month. Gains were driven by a structured credit manager who made money in HY CDX trades. Additional gains were contributed by the municipal bond trading strategy.

Macro/Opportunistic Strategy (Return: +2.24%)
The macro strategy was one of the principal drivers of gains for the month. Both the CTA and quantitative macro sub-strategies recovered moderately from August's drawdown. Within the CTA portfolio, gains came from long US and European fixed income, and long British pound and Japanese yen. A short position in the Hang Seng equity index hurt the portfolio towards month-end. Within the quantitative macro portfolio, principal gains came from long European equity indices and the Hang Seng equity index, long silver, and long European and, to a lesser extent, US fixed income markets. Smaller gains came from long British pound and Japanese yen.

Long/Short Equity Strategy (Return: +0.18%)
The long/short equity strategy ended the month slightly positive. Most of the gains came from a utilities and renewables specialist, driven by long positions in the industrials sector (Siemens Energy AG, Mastec Inc.). Additional gains were also contributed by a consumer-focused manager in the consumer discretionary (Doordash Inc.) and communication services (Spotify Technology SA) sectors. These gains were partially offset by losses in a European specialist manager who lost money in healthcare (Humana Inc.) and consumer discretionary names (Zalando SE).

Relative Value Strategy (Return: +0.09%)
The relative value strategy contributed slightly positive returns for the month, with most gains coming from a multi-strategy portfolio, with returns concentrated in volatility arbitrage, equity event and credit sub-strategies. These gains were partially offset by fragmented losses in statistical arbitrage sub-strategy.

Event Driven Strategy (Return: -0.30%)
The event driven strategy experienced modest losses over the month. Most of the losses were incurred by the shareholder engagement sub-strategy, driven mainly by US railroad company Norfolk Southern and index hedges. These losses were partially offset by gains in multi-event portfolios, driven by positions in the communication services (Liberty Broadband Corp) and consumer discretionary (Capri Holdings Ltd.) sectors.

Key Fund Facts

Estimated annual fund charges (incl. GST)	
Wholesale:	None.
Distributions:	Generally does not distribute
Management Fee to JPMAAM 1.95% p.a. includes underlying JPMAAM fund expenses and underlying manager fees.	

Hedging:	JPMAAM hedges all currency exposure back to NZ dollars.
Redemptions:	Requests can be made on a daily basis and they will be processed within 12 working days.

Strategy Launch:	June 2008
Strategy size:	$24.9m
Buy / Sell spread:	0.00%/0.00%

Contact Us

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