

# Nikko AM Wholesale Multi-Strategy Fund

Monthly Update 31 October 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>	-0.90%	-0.55%	7.10%	2.95%	4.38%	4.06%
<b>Benchmark<sup>2</sup></b>	0.68%	2.11%	8.88%	7.32%	5.80%	5.48%

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	1.76%
Event Driven	4	-0.65%
Long/Short Equities	5	1.53%
Macro/Oppportunistic	1	0.74%
Relative Value	3	0.59%

\*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

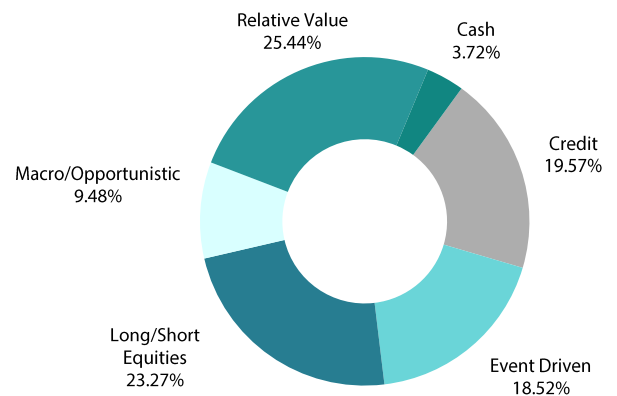
The fund aims to outperform the benchmark return before fees, expenses and taxes over a rolling three-year period.

## 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

October was a volatile month for markets, with equities moving lower after a strong rally during the first nine months of the year. Growth risks remained the primary concern for investors, despite signs of resilience, particularly in the US economy. Fixed income markets also faced challenges due to a combination of economic resilience in the US, election-related uncertainties, and global economic conditions. The anticipated Federal Reserve rate cuts were re-priced more gradually, reflecting the uncertainty surrounding potential post-election policy changes. As such, the MSCI World Index returned -1.95% and the Barclays Global Aggregate Bond Index returned -3.35% over the month.

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

Three out of five strategy returns were negative for the month of October.

### Credit Strategy (Return: +0.25%)

The credit strategy continued to post modest returns despite fixed income markets being down for the month. Gains were driven by a structured credit manager who made money in corporate bond and HY CDX trades. Additional gains were contributed by the municipal bond trading strategy attributed due to their lower duration portfolio and hedged nature of the strategy. Gains were primarily driven by bond future hedges (short position).

### Macro/Oppportunistic Strategy (Return: -3.52%)

After a strong September, the Graham complex generated negative returns for the month of October. Most of the losses within the quantitative macro portfolio and CTA portfolio came from interest rate positioning. Within the quantitative macro portfolio, another notable negative driver was the impact from European equity exposure, which contributed modestly to their negative returns. Within the CTA portfolio, exposure in equities, currencies and commodities collectively generated a slight loss for the month with no standout amongst the group.

### Long/Short Equity Strategy (Return: +0.28%)

The long/short equity strategy ended the month slightly positive. Most of the gains came from a technology specialist, driven by long positions in Information Technology (Pegasystems Inc., Marvell Technology Inc.). Additional gains were also contributed by a consumers-focused manager and a utilities and renewables manager driven by positions in consumer discretionary (Doordash) and industrials (Siemens Energy AG) sectors respectively. These gains were partially offset by losses in a US value-oriented manager who lost money from positions within the materials and health care sectors.

### Relative Value Strategy (Return: -1.77%)

The relative value strategy detracted for the month, with most losses coming from a statistical arbitrage manager who made fragmented losses from positions within information technology and consumer discretionary sectors. These losses were partially offset by gains in another statistical arbitrage manager who managed to post modest returns in index trading and positions in consumer discretionary and financials sectors. Small losses also came from the multi-strategy portfolio who lost money mainly in index trading.

### Event Driven Strategy (Return: -2.05%)

The event driven strategy experienced modest losses over the month. Most of the losses were incurred by the multi-event portfolio driven by positions in information technology sector (Softwareone Holdings AG) and consumer discretionary sector (Capri Holdings Ltd.). These losses were partially offset by gains in the shareholder engagement strategy mainly driven by concentration conviction trade in packaging manufacturer Berry Global which completed spinning off their noncore business.

## 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>	\$24.6m
<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.