Nikko AM Wholesale Multi-Strategy Fund

Monthly Update 31 December 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]	-1.04%	0.63%	5.48%	3.38%	4.19%	4.06%
Benchmark[2]	0.62%	1.96%	8.71%	7.56%	5.92%	5.50%

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	3	1.99%
Event Driven	3	-0.92%
Long/Short Equities	4	2.98%
Macro/Opportunistic	2	0.91%
Relative Value	3	0.31%

*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.

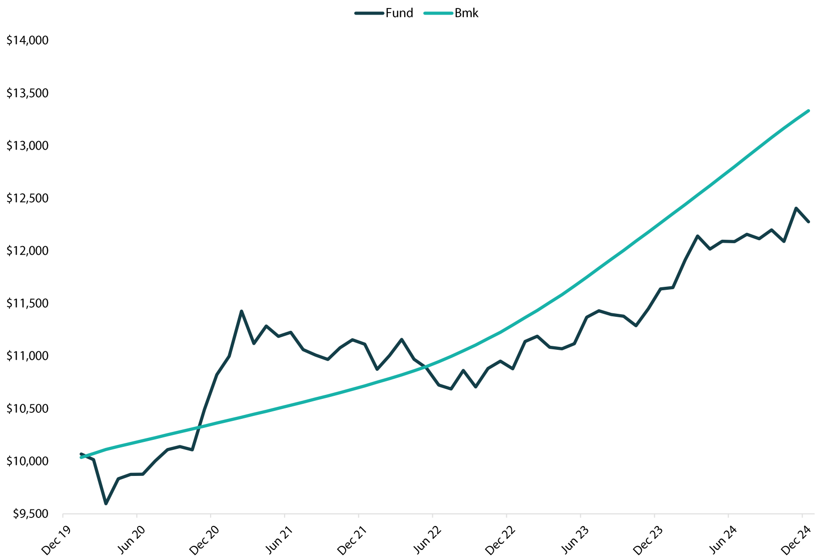
The portfolio has a diversified risk profile with low to medium volatility.

Objective

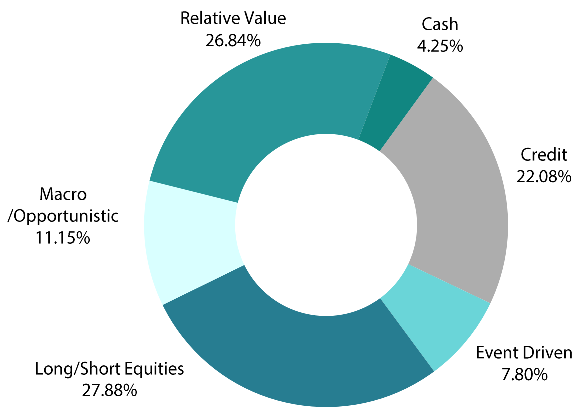
The fund aims to outperform the benchmark return before fees, expenses and taxes over a rolling three-year period.

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

December proved challenging for traditional markets, with broad-based weakness in both stocks and bonds. Global equities fell as the US Federal Reserve unveiled hawkish-looking interest rate projections for the year ahead. In fixed income, government bonds suffered due to the changing interest rate environment, with 10-year yields increasing in both the US and Europe.

As such, the MSCI World Index returned -2.57% for the month and +0.10% for the quarter. The Barclays Global Aggregate Bond Index returned -2.15% over the month and -5.16% for the quarter.

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

Four out of five strategy returns were negative for the month of December.

Macro/Opportunistic Strategy (Return: +1.36%)

The macro strategy was the only strategy to produce positive returns for the month. Majority of the returns were driven by the quantitative macro portfolio, primarily through currency positioning, with a long position in USD. The largest gains were achieved against the AUD, EUR, JPY and CHF. During the month, we also added a new reinsurance manager who invests in catastrophe bonds, which contributed positively to the returns.

Credit Strategy (Return: -0.10%)

The credit strategy ended the month slightly negative, primarily due to losses in the municipal bond trading sub-strategy which gave back some of the returns after a period of strong performance in previous months.

Relative Value Strategy (Return: -0.67%)

The relative value strategy detracted for the month, with most losses coming from a statistical arbitrage manager who made losses from positions within the consumer discretionary sector followed by the industrials sector. Additional losses came from the multi-strategy portfolio who made losses mainly in index trading and in the information technology sector. These losses were partially offset by another statistical arbitrage manager who made money across various sectors mainly communication services, healthcare and consumer staples.

Long/Short Equity Strategy (Return: -0.88%)

The long/short equity strategy posted a negative return for December, affected by a downturn in global indices and markets. Losses came from a consumer-focused manager, driven by positions in information technology (Varonis Systems) and consumer discretionary (Doordash Inc.) sectors. Additionally, a utilities and renewable energy manager detracted for the month, through positions in the industrials sector (Herc Holdings Inc.). Further small losses were incurred by a European specialist manager and a technology specialist manager.

Event Driven Strategy (Return: -7.03%)

The event driven strategy was the largest detractor for the month. Most of the losses were driven by the shareholder engagement sub-strategy, specifically from positions in a freight transportation provider, Norfolk Southern, and a sustainable biorefinery platform, Green Plains. Additional losses came from an event driven manager focused on merger-related and non-merger special situations trades.

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:	$25m
Buy / Sell spread:	0.00%/0.00%

Contact Us

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