

Nomura Asset Management Hong Kong Limited

(“NAM-HONG KONG”)

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Form ADV, Part 2A Brochure

June 25, 2015

This brochure provides information about the qualifications and business practices of Nomura Asset Management Hong Kong Limited. If you have any questions about the contents of this brochure, please contact our U.S. affiliate, Nomura Asset Management U.S.A. Inc., at 212-667-1414 or at [compliance@nomura-asset.com](mailto:compliance@nomura-asset.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Nomura Asset Management Hong Kong Limited is a registered investment adviser with the SEC. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information which you use to determine to hire or retain an adviser.

Additional information about Nomura Asset Management Hong Kong Limited is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Nomura Asset Management Hong Kong Limited is 108226.

**ITEM 2: MATERIAL CHANGES**

The following is a summary of the material changes to this brochure since the last annual update on June 30, 2014.

None.

### ITEM 3: TABLE OF CONTENTS

Item 1: Cover Page .....	1
Item 2: Material Changes.....	2
Item 3: Table of Contents .....	3
Item 4: Advisory Business.....	4
Item 5: Fees and Compensation .....	6
Item 6: Performance-Based Fees and Side-By-Side Management .....	8
Item 7: Types of Clients.....	9
Item 8: Methods of Analysis, Investment Strategies and Risk of Loss.....	10
Item 9: Disciplinary Information.....	15
Item 10: Other Financial Industry Activities and Affiliations .....	16
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	18
Item 12: Brokerage Practices .....	23
Item 13: Review of Accounts .....	27
Item 14: Client Referrals and Other Compensation .....	28
Item 15: Custody.....	29
Item 16: Investment Discretion.....	30
Item 17: Voting Client Securities.....	31
Item 18: Financial Information.....	33

## **ITEM 4: ADVISORY BUSINESS**

### **A. Firm Description**

Nomura Asset Management Hong Kong Limited (“NAM-Hong Kong,” “firm,” “we,” “us,” or “our”) is one of several wholly-owned investment advisory subsidiaries of Nomura Asset Management Co., Ltd. (“NAM-Tokyo”). NAM-Tokyo is one of the largest asset management firms in Japan. Each NAM-Tokyo subsidiary is responsible for providing investment management services in local markets and promoting the global fund management expertise of NAM-Tokyo and its subsidiaries. NAM-Tokyo is a wholly-owned subsidiary of Nomura Holdings, Inc. (“NHI”). NHI, together with its affiliates, is known as “Nomura.”

NAM-Hong Kong is incorporated in Hong Kong. Its predecessor firm, Nomura Asset Management (Asia) Limited, commenced operations in 1988. In 2011, NAM-Hong Kong opened a representative office in Shanghai, China. In addition to being registered as an investment adviser with the SEC, NAM-Hong Kong is registered with the Hong Kong Securities and Futures Commission to carry on Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities in Hong Kong.

### **B. Description of Advisory Services**

NAM-Hong Kong provides investment advisory services to a broad range of institutional clients located throughout the world. Although most services are provided on a discretionary basis, NAM-Hong Kong also provides certain services on a non-discretionary basis.

In North America, we specialize in managing, on a discretionary basis, long-only and country specific Greater China foreign equity mandates.

We also provide non-discretionary services to a closed-end investment company registered under the Investment Company Act of 1940 (“1940 Act”). We provide these services through sub-advisory arrangements with our affiliates, Nomura Asset Management U.S.A. Inc. (“NAM-U.S.A.”) and NAM-Tokyo. NAM-USA and NAM-Tokyo are U.S. SEC-registered investment advisers.

Our discretionary advice to North American clients is limited to country specific Greater China equity securities. Equity securities include, among other things, common stock, preferred stock, warrants, rights, depository receipts, real estate investment trusts (“REITs”), limited partnership interests, membership interests in a limited liability company, shares of fund vehicles and equity-related instruments and derivatives.

As a sub-adviser to our North American clients, we may be granted discretionary authority by the adviser, NAM-USA, where we are authorized to buy, sell and trade in securities in accordance with the investment guidelines and restrictions contained in the investment advisory agreement between NAM-USA and the client.

### **C. Availability of Customized Services to Individual Clients**

We tailor our advisory services to the individual needs of our clients. Clients may impose reasonable restrictions on investing in certain securities or types of securities, depending on their investment objectives, risk tolerance and other various suitability requirements. These restrictions must be in writing and must accompany the investment management agreement.

Clients should be aware, however, that certain restrictions can limit our ability to act and as a result, an account's performance may differ from and may be less successful than other accounts that have not limited our discretion. Where NAM-Hong Kong is the investment adviser or sub-adviser to a pooled investment vehicle, the investment objectives, guidelines and any investment restrictions followed are not tailored to the needs of individual investors in those vehicles. These restrictions must be in writing and must accompany the investment management agreement.

### **D. Wrap Fee Programs**

NAM-Hong Kong does not provide portfolio management services in connection with any wrap fee programs.

### **E. Assets Under Management**

As of March 31, 2015	USD Assets Under Management	USD Regulatory Assets Under Management
Assets Managed on a Discretionary Basis	\$661,157,097	\$661,157,097
Assets Managed on a Non-Discretionary Basis	\$218,302,099	\$218,302,099
Total Assets	\$879,459,196	\$879,459,196

## **ITEM 5: FEES AND COMPENSATION**

### **A. Advisory Fees and Compensation**

NAM-Hong Kong's fee schedule is omitted because this brochure is required to be delivered only to qualified purchasers as defined in the Investment Company Act of 1940, as amended.

### **B. Payment of Fees**

We receive asset-based management fees from our clients. All management fees are subject to negotiation. Fee structures may be modified where a new account is expected to grow rapidly, where a relationship already exists with a current client or where the client retains NAM-Hong Kong to provide services with respect to multiple investment mandates.

The differing levels of basic fees across investment types take into account such factors as the degree of investment management activity and supervision required, the nature of the discretionary or non-discretionary service provided and the types of investment guidelines and restrictions imposed upon the management of the accounts. In addition, there may be specialized investment strategies with individualized fee arrangements in place as well as historical fee schedules with long-standing clients that may differ from those applicable to new client relationships.

NAM-Hong Kong may, in its sole discretion, reduce and/or waive management fees for a client at any time.

The specific manner in which advisory fees are charged is established in the client's written agreement. Clients are generally billed on a quarterly basis, although fees for various fund vehicles are often paid monthly. Clients may elect to be billed in advance or in arrears. NAM-Hong Kong does not directly debit fees from its' NAM-USA sub-advised client accounts.

Management fees shall be prorated for each capital contribution and withdrawal made during the applicable billing period (with the exception of de minimis contributions and withdrawals). Accounts initiated or terminated during a billing period will be charged a prorated fee.

NAM-Hong Kong's services may be terminated pursuant to the provisions of each advisory contract. The termination provisions of any particular contract are subject to negotiation. If a client pays fees in advance, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

NAM-Hong Kong may also manage accounts that provide for compensation on the basis of a share of the capital gains upon, or the capital appreciation of, the client's assets (a "performance fee"). Performance fees may be billed quarterly, semi-annually or annually. Please see Item 6 below for further discussion of Performance Fees.

#### **Sub-Advisory Fees**

NAM-USA charges asset-based management fees ("management fees") for its North American clients. NAM-USA may pay NAM-Hong Kong its sub-advisory fees, directly or indirectly, out of the management fee NAM-

USA receives from those clients sub-advised by NAM-Hong Kong. To the extent that performance fees are paid to NAM-USA for a particular account, NAM-USA pays NAM-Hong Kong its portion out of the fees NAM-USA receives from those clients sub-advised by NAM-Hong Kong.

#### U.S. Registered Funds – Management Fees

NAM-Hong Kong receives management fees from its U.S. registered fund client as described above and/or as described in the relevant U.S. registered fund's prospectus or annual report.

#### **C. Additional Fees and Expenses**

NAM-USA's fees (a portion of which may be paid to a sub-adviser, such as NAM-Hong Kong) are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client.

Clients may incur certain charges imposed by custodians, brokers, and other third parties, such as custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. U.S. Registered Funds also charge internal operational fees, which are disclosed in a fund's prospectus.

Item 12 describes the factors that NAM-Hong Kong considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

#### **D. Prepayment of Fees**

Clients of NAM-Hong Kong are generally not required to pre-pay fees.

#### **E. Additional Compensation and Conflicts of Interest**

NAM-Hong Kong may invest client assets in money market funds, exchange traded funds or other types of fund vehicles managed by our affiliates or by a third party. In addition to management fees and any performance fees paid, clients will also incur, relative to investments in fund vehicles, normal expenses and advisory fees imposed by the funds held in the account.

If you invest in a fund vehicle that we manage under a direct or a sub-advisory arrangement, please refer to the fund's offering memorandum, subscription agreements and other offering documents for additional/supplementary information on the fund, including its fees and expenses.

**ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

As discussed in Item 5 above, NAM-Hong Kong may manage accounts that pay performance fees. For North American clients, these arrangements shall only be with “qualified clients” as defined under Rule 205-3(d) under the Investment Advisers Act of 1940, as amended. Such fees are subject to individualized negotiation with each such client.

In measuring clients' assets for the calculation of performance-based fees, we shall include realized and unrealized capital gains and losses. Performance-based fee arrangements may create an incentive for NAM-Hong Kong to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. These fee arrangements also create an incentive for NAM-Hong Kong to favor higher fee paying accounts over other accounts in the allocation of investment opportunities.

NAM-Hong Kong has procedures designed and implemented to ensure that all clients are treated fairly and equally and to prevent this conflict from influencing the allocation of investment opportunities among clients. Please see Item 12 for a discussion of NAM-Hong Kong's trade allocation policy and procedures.



## **ITEM 7: TYPES OF CLIENTS**

In North America, NAM-Hong Kong provides or offers portfolio management services on a sub-advisory basis, through arrangements with NAM-USA, to institutional clients, including U.S. registered funds.

NAM-Hong Kong's international clients include corporations and other business entities, offshore funds, and local and foreign government agencies.

For long-only equity strategy institutional separate accounts, NAM-Hong Kong requires a minimum initial investment amount which may vary depending on various factors including, but not limited to, the size of the client, potential future contributions, and economic and investment environment. We may waive conditions based on the complexities of the situation and/or the needs of the client. Fund vehicles managed by us impose their own minimums regarding account size and subscription amounts.

## ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

### A. Methods of Analysis and Investment Strategies

#### Our Investment Strategies

Through our arrangements with NAM-USA, we offer long-only Greater China equity strategies to North American clients and in doing so may invest, without limitation, in the following equity securities or instruments: common stock, preferred stock, REITs, depository receipts, warrants, rights, restricted shares, exchange-traded funds, investment company securities, structured notes, futures contracts, derivatives, and private placements. Investments will be exchange-traded or traded over-the-counter. Certain investments may be in the securities of smaller and less seasoned issuers.

Our investment approach is one that combines both top-down and bottom-up analyses, with a bias towards (bottom-up) stock selection. We emphasize stock selection as we believe that markets are not fully efficient and that active management based on fundamental research can add value in a reasonable timeframe. Although bottom-up factors are emphasized, portfolios are constructed within guidelines defined by our top-down analysis, which is important for portfolio risk control. Compliance and risk management is central to our process. The implementation of certain strategies for certain client accounts may involve frequent trading of securities.

Our Hong Kong/China investment managers based in Hong Kong perform a dual Portfolio Manager/Analyst role and conduct fundamental research on listed companies in the Hong Kong and China region. When reviewing stocks in our investment universe, we first identify stocks with cheap valuations, using a quantitative model. All stocks will receive an initial mechanical ranking, from 1 to 4 (1 being the most attractive), based on P/E, P/BV and P/CF, as compared to the market average. Further fundamental research and discussion will be performed on attractive stocks, which may lead to a change in ranking.

As we operate as a team, the Hong Kong/China investment team shares views and discusses with the regional investment team located at our affiliate, Nomura Asset Management Singapore Limited. Portfolio managers are constantly interacting and communicating with each other on an informal day-to-day basis. Additionally, a Pacific Basin Stock Selection Committee ("PBSSC") Meeting is held weekly and attended by Asia Pacific equity portfolio managers and analysts in Singapore, Hong Kong and Malaysia to exchange views and to agree on stock ratings. The output from the meeting includes final stock ratings for stocks discussed. The same group also holds bi-weekly supplementary meetings and evening meetings several times per week. These provide additional opportunities to review any changes to the ratings of existing portfolio stocks and to allocate ratings to recently reviewed stocks.

As part of our Asia team, we are able to draw on the abundance of resources available at our disposal, which is especially beneficial to our top-down analysis. Original fundamental analysis of economies, industries and individual companies are core elements of our internal research. We have a team of economists, based in Tokyo, for the analysis and assessment of key economic variables affecting the investment environment and a team of quantitative analysts, which supports the investment process in different products.

### Security Analysis

Our security analysis methods include: charting, fundamental analysis, technical analysis, quantitative analysis and qualitative analysis methods including cyclical analysis. Quantitative analysis considers factors including, but not limited to, valuation, business fundamentals, historic price movements and changes in earnings estimates.

### Sources of Information

In conducting security analysis, we utilize a broad spectrum of information, including financial publications, third-party research materials, annual reports, prospectuses, regulatory filings, company press releases, corporate rating services, inspections of corporate activities and meetings with management of various companies.

**Please Note: Investing in securities involves risk of loss that clients should be prepared to bear.** Clients should understand that due to the volatile nature and risks involved when investing in these types of securities, the actual return and value of a client's account may fluctuate and at any point in time be worth more or less than the amount originally invested.

### **B. Material Risks Associated with NAM-Hong-Kong's Strategies**

The following is a summary of some of the material risks associated with the strategies expected to account for a significant portion of the investments of the North American clients sub-advised by NAM-Hong Kong. This summary does not attempt to describe all of the risks associated with any investment.

If you invest in a private fund vehicle that we manage, please refer to the fund's offering memorandum, subscription agreements and other offering documents for additional risk information.

### General Risks Associated with all Investment Strategies

#### *Liquidity Risk*

Liquidity risk exists when particular investments are difficult to purchase or sell. A client's account may, at any given time, include securities and other financial instruments or obligations which are very thinly traded or for which no market exists or which are restricted as to their transferability under applicable securities laws. The sale of any such investments may be possible only at substantial discounts, and such investments may be extremely difficult to value with any degree of certainty. Further, due to potential limitations on investments on illiquid securities and the difficulty in purchasing and selling such securities or instruments, an account may be unable to achieve its desired level of exposure to a certain sector.

#### *Market Risk*

The profitability of a significant portion of a client's account depends to a great extent upon correctly assessing the future course of the price movements of securities and other investments. There can be no assurance that we will be able to predict accurately these price movements. Although NAM-Hong Kong may attempt to mitigate market risk through the use of long and short positions or other methods, there is always some, and occasionally a significant, degree of market risk.

#### *Counterparty Risk*

A client account may be exposed to the credit risk of counterparties with whom it trades and may also bear the risk of settlement default involving custodians or prime brokers.

#### *Portfolio Turnover/Frequent Trading Risk*

Portfolio turnover is a change in the securities held by an account. Higher portfolio turnover is a result of frequent trading and involves corresponding greater expenses to an account, including brokerage commissions or dealer markups and other transaction costs on the sale and reinvestment of securities. In addition, frequent trading is likely to result in short-term capital gains tax treatment. As a result, the trading costs and the tax risk associated with portfolio turnover may adversely affect an account's performance.

#### *Key Personnel Risk*

The success of a client account may rely on certain key personnel of NAM-Hong Kong or its affiliates, including NAM-Hong Kong's investment team. The departure of any of such key personnel or their inability to fulfill certain duties may adversely affect the ability of NAM-Hong Kong to effectively implement the investment programs of client accounts.

#### Specific Risks Associated with Equity Investments

##### *Equity Securities Risk*

The value of a company's equity securities may fall as a result of factors directly relating to that company, such as decisions made by its management or lower demand for the company's products or services. The value of an equity security may also fall because of factors affecting not just the company, but also companies in the same industry or in a number of different industries, such as increases in production costs. The value of a company's equity securities may also be affected by changes in financial markets that are relatively unrelated to the company or its industry, such as changes in interest rates or currency exchange rates or adverse circumstances involving the credit markets. In addition, because a company's equity securities rank junior in priority to the interests of bond holders and other creditors, a company's equity securities will usually react more strongly than its bonds and other debt to actual or perceived changes in the company's financial condition or prospects. To the extent a client account invests in equity related instruments it will also be subject to these risks.

##### *Growth and Value Investing Risk*

We invest in equity securities of companies that our portfolio managers believe will experience relatively rapid earnings growth (growth securities) or that their portfolio managers believe are selling at a price lower than their true value (value securities). Growth securities typically trade at higher multiples of current earnings than other securities. Therefore, the value of growth securities may be more sensitive to changes in current or expected earnings than the value of other securities. Companies that issue value securities may have experienced adverse business developments or may be subject to special risks that have caused their securities to be out of favor. If a portfolio manager's assessment of a company's prospects is wrong, or if the market does not recognize the value of the company, the price of its securities may decline or may not approach the value that the portfolio manager anticipates.

### *Smaller Companies Risk*

The general risks associated with investing in equity securities are particularly pronounced for securities of companies with smaller market capitalizations (and, to a greater extent, less seasoned companies). These companies may have limited product lines, markets or financial resources or they may depend on a few key employees. Securities of smaller companies may trade less frequently and in lesser volume than more widely held securities, and their values may fluctuate more sharply than other securities. They may also trade in the over-the-counter market or on a regional exchange, or may otherwise have limited liquidity. Companies with medium-sized market capitalizations also have substantial exposure to these risks.

### Specific Risks Associated with Non-U.S. Investments

#### *Foreign Investment Risk*

A client account that invests in foreign (non-U.S.) securities may experience more rapid and extreme changes in value than accounts that invest exclusively in securities of U.S. issuers or securities that trade exclusively in U.S. markets. The securities markets of many non-U.S. countries are relatively small, with a limited number of companies representing a small number of industries. Additionally, issuers of non-U.S. securities are often not subject to the same degree of regulation as U.S. issuers. Reporting, accounting and auditing standards of non-U.S. countries differ, in some cases significantly, from U.S. standards. Also, nationalization, expropriation or confiscatory taxation, currency blockage, market disruption, political changes, security suspensions or diplomatic developments could adversely affect a client's investments in a non-U.S. country. In the event of nationalization, expropriation or other confiscation, a client could lose its entire investment in non-U.S. securities. To the extent that a client invests a significant portion of its assets in a particular currency or geographic area, the client will generally have more exposure to regional economic risks, including weather emergencies and natural disasters, associated with non-U.S. investments. For example, because certain of our client accounts may invest more than 25% of their assets in particular countries, these accounts may be subject to increased risks due to political, economic, social or regulatory events in those countries. Adverse developments in certain regions can also adversely affect securities of other countries whose economies appear to be unrelated. In addition, a client's investments in non-U.S. securities may be subject to withholding and other taxes imposed by countries outside the U.S., which could reduce the return on the investment.

#### *Emerging Markets Risk*

Foreign Investment Risk as discussed above may be particularly high to the extent that a client invests in emerging market securities, that is, securities of issuers tied economically to countries with developing economies. These securities may present market, credit, currency, liquidity, legal, political, technical and other risks different from, or greater than, the risks of investing in developed countries. In addition, the risks associated with investing in a narrowly-defined geographic area are generally more pronounced with respect to investments in emerging market countries. For example, to the extent a client invests in companies incorporated or doing significant business in China, which may be considered an emerging market, the risks associated with China-related investments may be more pronounced for such a client.

#### *Issuer Concentration, Geographic Concentration and Country Risk*

Because certain client accounts may invest a higher percentage of their assets in a relatively small number of issuers, the accounts may be more susceptible to any singular event affecting those issuers than is a more broadly diversified account. A small number of companies and industries may represent a large portion of the market in a particular country or region, and these companies and industries can be sensitive to adverse

social, political, economic or regulatory developments in that country or region. Because certain client accounts concentrate their investments in individual countries or regions, their performance is expected to be closely tied to economic and political conditions in those countries and/or regions. In addition, natural disasters might have substantial economic impacts on affected regions, at least temporarily. Because certain client accounts will have concentrated investments in Asia, the performance of those accounts may be closely tied to the economic, political and geopolitical conditions in Asia.

#### *Currency Risk*

Foreign equity mandates invest directly in foreign (non-U.S.) currencies, and in securities that trade in, or receive revenues in, foreign currencies. These investments are subject to the risk that those currencies will decline in value relative to the U.S. dollar, or, in the case of hedging positions, that the U.S. dollar will decline in value relative to the currency being hedged. Currency rates may fluctuate significantly over short periods of time for a number of reasons, including changes in interest rates, intervention (or the failure to intervene) by U.S. or non-U.S. governments, central banks or supranational entities such as the International Monetary Fund, or by the imposition of currency controls or other political developments in the United States or abroad. As a result, a client's exposure to foreign currencies, including investments in foreign currency-denominated securities, may reduce the returns of the client account.

#### *Market Exchange and Frequent Trading Risk*

Foreign markets may differ widely in trading and execution capabilities, liquidity and expenses, including brokerage and transaction costs. In addition, active and frequent trading of securities involves higher expenses which could affect the account's performance over time. Higher rates of portfolio turnover could also affect the tax efficiency of the account by accelerating the realization of taxable income.

**ITEM 9: DISCIPLINARY INFORMATION**

**A. Criminal or Civil Proceedings**

None

**B. Administrative Proceedings Before Regulatory Authorities**

None

**C. Self-Regulatory Organization (SRO) Proceedings**

None

## ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

### A. Broker-Dealer Registration

NAM-Hong Kong is not registered and does not have an application pending as a securities broker-dealer.

### B. Futures Commission Merchant, Commodity Pool Operator ("CPO"), or Commodity Trading Advisor ("CTA") Registration Status

NAM-Hong Kong is not registered and does not have an application pending as a futures commission merchant, commodity pool operator or commodity trading advisor.

### C. Material Relationships or Arrangements With Our Investment Adviser Affiliates

As discussed above, we manage assets for North American clients through sub-advisory arrangements that we have with NAM-USA, our U.S. domiciled investment advisory affiliate. In certain circumstances, the execution of portfolio transactions for client accounts we sub-advise will be made by affiliated sub-advisers. We may also provide investment services to clients outside of North America through arrangements that we have with NAM-Tokyo and our other investment advisory affiliates, which include Nomura Asset Management U.K. Limited, Nomura Asset Management Singapore Limited, Nomura Global Alpha LLC, Nomura Asset Management Malaysia Sdn. Bhd., Nomura Asset Management Deutschland KAG mbH and Nomura Islamic Asset Management Sdn. Bhd. ("Affiliated Advisers"). Our investment personnel also have access to the investment research produced by each of our Affiliated Advisers.

Although NAM-Hong Kong does not expect such conflict to arise, in certain circumstances the investment activities of the Affiliated Advisers could adversely affect the prices and/or availability of securities or instruments held by or potentially considered for one or more of the North American clients sub-advised NAM-Hong Kong. NAM-Hong Kong has adopted policies designed to ensure that no client is treated unfairly, over time, in relation to any other client in the allocation of securities or investment opportunities.

#### Our Investment Company Affiliates

We serve as a non-discretionary sub-adviser to a U.S. registered closed-end fund - Korea Equity Fund, Inc. NAM-USA is the investment manager for this fund.

#### Affiliated Custodians

We have relationships with two affiliated custodians: (1) Nomura Trust & Banking Co., Ltd. ("NTB") acts as custodian and trustee for many of the Japanese investment trusts that we manage; and (2) Nomura Bank (Luxembourg) S.A. ("NBL") acts a custodian for several offshore funds that we manage or serve as sub-adviser.

NBL may also provide administrative services to these funds. NTB and NBL also act, at times, as the counterparty for foreign exchange transactions that we execute.



Please note that NTB and NBL do not serve as custodians nor provide any other services to the North American client accounts that we manage.

#### Our Management Personnel

Certain of our management persons may also hold positions with NAM-Tokyo or other Advisory Affiliates. In these positions, those management persons may have some responsibility with respect to the business of these affiliates and the compensation of these management persons may be based, in part, upon the profitability of other parts of NHI.

Consequently, in carrying out their roles at NAM-Hong Kong and these other entities, the management persons of NAM-Hong Kong may be subject to the same or similar potential conflicts of interest that exist between NAM-Hong Kong and these Advisory Affiliates.

In addition to trade allocation procedures, NAM-Hong Kong has established a variety of restrictions, policies and procedures designed to address these potential conflicts, such as restrictions on personal trading.

#### Other Affiliated Arrangements

NAM-Hong Kong receives certain services from affiliates, which may include accounting, account administration, auditing, business continuity planning, electronic data processing, employee benefit plan and personnel administration, insurance, investment, legal, management and financial reporting, occupancy, project management, tax, transportation and treasury. In addition, Nomura may have ownership interests in trading venues and exchanges which may provide financial incentives to recommend brokers to clients who use these venues or exchanges for the execution of client trades.

#### **D. Material Conflicts of Interest Relating to Other Investment Advisers**

See Item 10.C above for a discussion of relationships that NAM-Hong Kong has with other affiliated investment advisers. NAM-Hong Kong does not recommend or select non-affiliated investment advisers for its North American clients.

## **ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### **A. Code of Ethics**

As an investment adviser and a fiduciary to its clients, NAM-Hong Kong places its clients' interests first and foremost. However, NAM-Hong Kong employees may buy or sell securities for their own accounts that the firm buys or sells for its clients' accounts. We understand that this could create a conflict of interest, where the employee's interest may be at odds with the interest of our clients. To mitigate the appearance of or actual conflict, NAM-Hong Kong has adopted a Code of Ethics ("Code") with which all employees must comply.

#### **Standards of Conduct**

The following is a summary of the Code of Ethics' core principles and applies to all supervised persons within our firm:

- Act with integrity, competence, diligence, respect, and in an ethical manner with the public, clients, and prospective clients;
- Place the interests of clients first and above one's own personal interests;
- Adhere to the fundamental standard that you should not take inappropriate advantage of your position, even if clients are not harmed;
- Conduct all personal securities transactions in a manner consistent with the Code;
- Avoid actual and potential conflicts of interest;
- Preserve the confidentiality of clients' security holdings and transactions, financial circumstances and other client information that has been obtained within the scope of the manager-client relationship;
- Do not participate in any business relationship or accept gifts that could reasonably be expected to affect one's independence, objectivity, or loyalty to clients; and
- Comply with applicable provisions of the U.S. federal securities laws.

All of our supervised persons must acknowledge the terms of the Code, upon joining NAM-Hong Kong, annually, or as the Code is amended.

Clients, or prospective clients, may, upon request, receive a copy of our Code by contacting their client service representative or by calling the NAM-USA Compliance Department at (212) 667-1414 or via postal request addressed to:

Attention: Chief Compliance Officer  
 Nomura Asset Management U.S.A. Inc.  
 Worldwide Plaza,  
 309 West 49<sup>th</sup> Street  
 New York, New York 10019

## **B. Securities that NAM-Hong Kong or a Related Person Has a Material Financial Interest**

### **Proprietary and Personal Trading**

NAM-Hong Kong anticipates that, in appropriate circumstances, consistent with clients' investment objectives, we will cause accounts over which we have management authority to effect, and will recommend to investment advisory clients, the purchase or sale of securities in which NAM-Hong Kong, its affiliates and/or other clients, directly or indirectly, have a position of interest.

NAM-Hong Kong's employees are required to follow NAM-Hong Kong's Code. Subject to satisfying this policy and applicable laws, officers, affiliated directors and employees of NAM-Hong Kong ("NAM-Hong Kong personnel") and its affiliates may trade for their own accounts in securities, including fund vehicles, which are recommended to and/or purchased for NAM-Hong Kong's clients.

The Code is designed to assure that the personal securities transactions, activities and interests of NAM-Hong Kong personnel will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing NAM-Hong Kong personnel to invest for their own accounts.

The Code requires pre-clearance of many transactions, and for certain supervised persons, restricts trading in close proximity to client trading activity. In addition, holding period requirements apply to certain types of investments. Restrictions also exist on the ability of NAM-Hong Kong personnel to acquire securities in an initial public offering and to participate in private placements. Nonetheless, because the Code in some circumstances would permit NAM-Hong Kong personnel to invest in the same securities as clients, there is a possibility that such personnel might benefit from certain client market activity.

Personal trading is continually monitored under the Code, and procedures are in place to reasonably prevent conflicts of interest between NAM-Hong Kong and its clients. For example, to assist NAM-Hong Kong in ensuring NAM-Hong Kong personnel comply with its personal trading policies and restrictions, NAM-Hong Kong personnel are required to report personal securities transactions on a quarterly basis and provide NAM-Hong Kong with a detailed summary of certain holdings (both initially upon commencement of employment and annually thereafter) in which they have a direct or indirect beneficial interest.

NAM-Hong Kong manages pooled investment vehicles in which its employees and/or affiliates may invest. NAM-Hong Kong, its affiliates and its employees will benefit from the investment performance of these pooled investment vehicles ("affiliated accounts"). These affiliated accounts will often invest in the same securities, at or around the same time, as other client accounts. NAM – Hong Kong has adopted trade allocation and aggregation policies and procedures to ensure that no clients or favored or disadvantaged. Please see Item 12.

### **Material, Non-Public Information and Insider Trading**

From time to time, NAM-Hong Kong personnel may come into possession of material, non-public information which, if disclosed, might affect an investor's decision to buy, sell or hold a security. Under applicable law, NAM-Hong Kong personnel are prohibited from improperly disclosing such information, or

using such information, for their personal benefit or for the benefit of a client, which could limit the ability of clients to buy, sell or hold certain investments. NAM-Hong Kong shall have no obligation or responsibility to disclose such information, or use such information for the benefit of any person, including clients.

NAM-Hong Kong has established procedures and other policies that prohibit the misuse of such information. Information barriers exist between different businesses within NHI. As a result of such information barriers, NAM-Hong Kong will generally not have access, or will have limited access, to information and personnel in other areas of NHI, and generally will not be able to manage the client accounts with the benefit of information held by these other areas. Nomura may make decisions or take (or refrain from taking) actions with respect to investments of the kind held by NAM-Hong Kong clients that may be adverse to NAM-Hong Kong clients. Information barriers may also exist between businesses within NAM-Hong Kong.

In addition, NAM-Hong Kong and its affiliates maintain one or more restricted lists of companies whose securities are subject to certain trading prohibitions. NAM-Hong Kong personnel may be restricted from trading in an issuer's securities if the issuer is on the restricted lists or if we otherwise have material, non-public information about the issuer. A client account may be unable to buy or sell certain security of such issuers until the restriction is lifted, which could disadvantage the client.

### **C. Conflicts of Interest in Trading and Management**

In making investment decisions for multiple client accounts, we may be faced with conflicts of interest. Below are descriptions of some of these potential conflicts. Clients should also read the discussions on potential conflicts in proxy voting, trade allocation and aggregation and personal trading.

#### *Affiliated Accounts*

NAM-Hong Kong employees and affiliates may invest in certain fund vehicles that are offered to clients. NAM-Hong Kong, its affiliates and its employees will benefit from the investment performance of these accounts and funds ("affiliated accounts").

#### *Incentives to Favor Certain Accounts*

As discussed in Item 6 above, the management of accounts with different management fee rates and/or fee structures, including accounts with performance fees, may raise potential conflicts of interest by creating an incentive to favor higher-fee or performance fee accounts. In addition, we have an incentive to favor the affiliated accounts, we manage. NAM-Hong Kong attempts to address these potential conflicts of interest through various compliance policies generally intended to treat all clients fairly and equitably over time.

#### *Allocation of Investment Opportunities*

Other potential conflicts of interest may arise in purchasing and selling securities for multiple client accounts. NAM-Hong Kong will use its best judgment to act in a manner it considers fair and reasonable in allocating investment opportunities among its clients (whether North American clients or other clients), particularly when there is limited availability of an investment.

In buying or selling the same securities for multiple client accounts contemporaneously, trade aggregation may create the potential for unfairness to client accounts if one account is favored over one another,

particularly where there is a limited availability or limited liquidity for an investment. Please see the discussion in Item 12 on “Trade Allocation and Aggregation Practices”.

Because client accounts have different mandates or investment restrictions, NAM-Hong Kong may make different investment decisions for different accounts. As a result, we may buy or sell a security for some accounts even though it could have been bought or sold for other accounts. In addition we may purchase a security for one or more clients while selling and/or taking a short position in the same security for other clients. Such trading activity may disadvantage some clients, while benefitting others, including affiliated accounts.

NAM-Hong Kong has implemented trade oversight and review procedures to avoid systematically advantaging certain clients over others. For example, trade allocations are sampled on a regular basis as part of our trade oversight procedures.

#### Participation or Interests in Client Transactions

Nomura is a global, full-service financial services firm. As such, Nomura provides a broad range of services to a diversified client base and is a major participant in global financial markets. Nomura has direct and indirect interests in equities and other markets, including possibly in securities and issuers in which NAM-Hong Kong client accounts may invest. As a result, Nomura’s activities and dealings may affect NAM-Hong Kong client accounts in ways that may disadvantage or restrict those client accounts and/or benefit Nomura. The following describes some of the existing and potential conflicts of interest.

#### *Participating in Affiliated Underwritings*

Subject to applicable regulatory requirements, clients may participate in securities offerings where an affiliate of the registrant serves as lead manager or a member of the underwriting or selling syndicate (“affiliated underwritings”). Although it is our policy not to acquire securities from an affiliate in an affiliated underwriting, the affiliate still may benefit even if the securities are acquired through a non-affiliated underwriter. For example, if each syndicate member has proportionate liability for any securities remaining unsold, the successful sale of all securities, regardless of which member sold them, benefits all members including the affiliated underwriter.

#### *Cross Transactions*

It is our policy not to engage in buying or selling of securities from one client account to another (typically referred to as a “cross trade”). The majority of trades made for client accounts will be executed through the open market.

#### *Principal Transactions and Agency Cross Transactions*

It is our policy not to engage in principal transactions or agency cross transactions for our U.S. advisory clients, however we may engage in principal transactions for our non-U.S. advisory clients. Principal transactions occur where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account.

An agency cross transaction occurs if an affiliate acts as broker for, and receives a commission from, a client account on one side of the transaction and a brokerage account on the other side of the transaction in connection with the purchase or sale of securities by the client account.

#### Other Conflicts of Interests Related to Nomura's Activities

Nomura's global financial activities may have potential adverse effects on NAM-Hong Kong's client accounts. For example, Nomura and its personnel may have interests in and/or advise accounts and funds that have investment objectives or portfolios similar to or opposed to those of a NAM-Hong Kong client account and which engage in and compete for transactions in the same types of securities or instruments as those in which the client account invests. These interests may involve the same or differing investment strategies, which could have a negative impact on a client account. A client account and Nomura may also vote differently on or take different actions on proxies or corporate actions, which may disadvantage the client account.

NAM-Hong Kong might not engage in transactions for a client account in consideration of Nomura's activities outside the client account. For example, NAM-Hong Kong may determine to restrict or limit the amount of a client account's investment where exceeding a certain aggregate amount could require a filing, a license or other regulatory or corporate consent, which could, among other things, result in additional costs and disclosure obligation for Nomura, including NAM-Hong Kong. We may also limit our activities, transactions and our exercise of rights on behalf of clients where Nomura is providing, or may provide, advice or services to an issuer, or is providing or may provide advice or services to another client that is or may be engaged in a transaction related to such issuer.

#### *Gifts and Entertainment*

Employees of the firm may receive customary gifts and/or entertainment from service providers of the firm and from counterparties that are selected to execute transactions on behalf of client accounts. The firm has controls in place to monitor gifts and entertainment activity for conflicts of interest and violations of law.

#### *Political Contributions*

NAM-Hong Kong has a strict policy against making political contributions for the purpose of obtaining or retaining business with U.S. government entities. To help ensure compliance with SEC rules and state and local pay-to-play rules, all U.S. political contributions by an employee or members of their household are required to obtain pre-approval from the Compliance Department.

## ITEM 12: BROKERAGE PRACTICES

### **A. Factors NAM-Hong Kong Considers in Selecting or Recommending Broker-Dealers for Client Transactions and Determining the Reasonableness of their Compensation**

#### **Broker-Dealer Selection**

It is NAM-Hong Kong's policy to seek to obtain best execution on all client transaction (which may or may not result in paying the lowest available brokerage commission or dealer spread). As a result, in selecting broker-dealers, we take into account many factors, including but not limited to:

- The execution capability of the broker-dealer
- The desired timing of the trade and the broker-dealer's ability to meet our requested speed of execution
- The order size and market depth
- The broker-dealer's access to primary markets and quotation sources
- The broker-dealer's access to certain markets
- The trading characteristics of the security
- The creditworthiness of the broker-dealer
- The financial responsibility of the broker-dealer
- The ability of the broker-dealer to act on a confidential basis
- The ability of the broker-dealer to act with minimal market impact
- The ability of the broker-dealer to locate sources of liquidity and to effect transactions when a large block of securities is involved or where liquidity is limited
- The overall responsiveness of the broker-dealer
- The broker-dealer's ability and willingness to commit capital
- The broker-dealer's trade processing and settlement capabilities
- The broker-dealer's ability to engage in after-hours and cross-border trading
- Other factors that may bear on the overall evaluation of best price and execution

In addition, the brokerage and research services provided by a broker-dealer may be a significant factor in selecting a broker-dealer to execute transactions. For this purpose, NAM-Hong Kong has established a voting process in which certain personnel rate broker-dealer services. NAM-Hong Kong may execute transactions through affiliated broker-dealers to the extent consistent with applicable law, client instruction, and its duty to seek best execution.

Our traders may only place orders with broker-dealers that are on the firm's Approved Broker-Dealer List. NAM-Hong Kong's Broker Evaluation Committee is responsible for approving broker-dealers and maintaining the Approved Broker-Dealer List. Our traders are responsible for continuously monitoring and evaluating the performance and execution capabilities of broker-dealers that transact orders for our client accounts to ensure consistent quality execution.

### Research and Soft Dollar Benefits

While NAM-Hong Kong selects broker-dealers primarily on the basis of their execution capabilities, the direction of transactions to such broker-dealers may also be based on the quality and amount of proprietary research services they provide to us or our affiliates. These so-called soft dollar arrangements (in accordance with Section 28(e) of the Securities Exchange Act of 1934, as amended) are designed to augment the internal research and investment strategy capabilities of NAM-Hong Kong or of our advisory affiliates.

In accordance with SEC guidance, we regularly consider whether a given service provides lawful and appropriate assistance to the investment management process and make sure the cost of the service bears a reasonable relationship to the value of the research or service. Such research services may include information on securities markets, the economy and individual companies, pricing information and services, and other appropriate research products and services. NAM-Hong Kong does not attempt to match a particular client's transactions with broker-dealers that have provided research services that have directly benefited the client's portfolio.

These soft dollar arrangements allow NAM-Hong Kong and/or its affiliates to obtain a benefit because they do not have to produce or pay for the research and services. We also have an incentive to select broker-dealers based on our interest in receiving the research or other products or services, rather than based on our clients' best interests in receiving the most favorable execution. However, we believe that we are able to negotiate costs on client transactions that are competitive and consistent with our policy to seek best execution.

While our policy is to seek best execution, we may occasionally select a broker-dealer with relatively higher transaction costs than its competitors if we determine in good faith that the cost is reasonable in relation to the value of the brokerage and research services provided. We do not enter into agreements or understandings with any broker-dealers regarding the placement of securities transactions because of the research services they provide. However, we do have an internal procedure for allocating transactions in a manner consistent with NAM-Hong Kong's Broker Evaluation Committee procedures. The Committee has the principal oversight responsibility for periodically reviewing and evaluating the commission allocation process.

NAM-Hong Kong currently has not entered into soft dollar arrangements where the broker-dealer provides us with third-party research and/or services.

### Brokerage for Client Referrals

We do not consider referrals when we select broker-dealers.

### Client Directed Brokerage

We permit clients to direct us to execute transactions through specified broker-dealers. Clients who direct us to use particular broker-dealers should be aware that we may be unable to negotiate commissions, block or batch client orders or otherwise achieve the benefits described above, including best execution, if you limit our brokerage discretion. Directed brokerage commission rates may be higher than the rates we might pay for transactions in non-directed accounts. Also, clients that restrict our brokerage discretion may be



disadvantaged in obtaining allocations of new issues of securities that we purchase or recommend for purchase in other clients' accounts. Accounts with directed brokerage instructions will generally be executed following completion of any non-directed trades. As a result, performance results for these accounts may vary from other client accounts we manage in the same strategy. As a general rule, we encourage each client to compare the possible costs or disadvantages of directed brokerage against the value of the custodial or other services provided by the broker to the client.

## **B. Trade Allocation and Aggregation Practices**

When we trade the same security in more than one client account, we generally attempt to batch or "bunch" the trades in order to create a "block transaction." Generally, buying and selling in blocks helps create trading efficiencies, prompt attention and desired price execution. We will determine in advance a trade's proposed allocation among our clients. When we fill a block order in its entirety, each participating client account generally will receive the average share price for all such purchase or sales executed during the trading day. When we partially fill a block order, we will generally allocate pro rata on the basis of the client's participation in the transaction. Each client account generally will receive the average price obtained on all such purchases or sales made during such trading day. Orders may be aggregated when permitted in accordance with applicable law.

In certain cases, we may determine that pro-rata allocation is not appropriate and will base the allocation upon relevant factors such as investment needs, portfolio styles, and existing holdings of clients. NAM-Hong Kong may decide not to aggregate trades with the same broker-dealer if we feel that the decision is in the best interests of our clients. In addition, we may or may not purchase or sell the same security for each client that could transact in the security under the account's investment objectives, depending on various factors, including the size of the accounts, cash availability in each account and each account's investment restrictions and investment strategies.

The securities acquired through an initial public offering ("IPO") will generally be allocated to participating clients in accordance with the processes described in the preceding paragraphs.

Instructions received by our trading department will generally be executed on a "first in first out" basis, unless the intended transaction fails pre-trading checks such as cash availability, stock availability or client restrictions. Orders may also be delayed where similar orders for the purchase or sale of the same security are expected imminently and it is felt that aggregating the orders may be more efficient.

Note that time zone differences, separate trading desks or portfolio management processes in a global organization, among other factors, may result in separate, non-aggregated executions, with trades in the same stock being entered for client accounts managed in one region before trades in the same instruments for client accounts managed in other regions.

Although allocating orders among clients may create potential conflicts of interests because we may receive greater fees or compensation from some client accounts than other clients, or because we may be affiliated or have other relationships with certain clients, we will not make allocation decisions based on such interests, greater fees or compensation.

During the initial ramp-up investment period for a new account, NAM-Hong Kong may overweight the account's allocation of securities or loan investments purchased in a bunched transaction due to the relatively high percentage of a new account's un-invested balance or the percentage of a new account's assets typically held in cash or short-term investments.

Trade allocations are sampled on a regular basis as part of the Compliance Department's trade oversight and review procedures in an attempt to ensure fairness over time.

### **ITEM 13: REVIEW OF ACCOUNTS**

Each individual advisory account is reviewed on a regular basis by our portfolio team primarily responsible for the day-to-day management of the account. The number of reviewers varies depending on the number of members in the team. NAM-Hong Kong's Performance Review Committee reviews the portfolios it manages on a regular basis. Our Compliance Department reviews daily client trading activity and performs a daily automated check of select investment guidelines. Exceptions are identified and investigated. Depending on the nature of the client's portfolio, the Compliance Department also performs a detailed review on a monthly or quarterly basis to ensure compliance with investment guidelines and limitations.

NAM-USA furnishes monthly accounting reports to our North American clients detailing, among other things: portfolio positions, security cost basis and market value, and cash and security transaction activity. In addition, we provide clients with a summary performance analysis report, which contains a portfolio analysis and the portfolio's current and historical performance. These reports are provided monthly and/or quarterly. In general, meetings with clients are held semi-annually or less frequently, according to the stated desires of each client. All reports are in addition to custodial statements and transaction confirmations received from the client's custodian.

**ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION****A. Economic Benefits for Providing Services to Clients**

Neither NAM-Hong Kong nor any of our employees receives any economic benefit, sales awards or other prizes from any outside parties for providing investment advice to our clients.

**B. Compensation to Financial Intermediaries, Consultants and Other Third Parties**

From time to time, we pay industry consultants for consulting and/or educational services. Our employees also periodically participate in and/or attend conferences sponsored by industry consultants. For some engagements, NAM-Hong Kong and/or its affiliates may pay compensation to the consultant. These industry consultants may at times evaluate and/or recommend NAM-Hong Kong to their other clients. In the event that we obtain a client through a consultant to which we have provided either compensation for such services or conferences, or for which our employee has participated in such conferences, we will disclose the relationship to the client upon request.

**ITEM 15: CUSTODY**

NAM-Hong Kong does not have custody of North American client assets.

## **ITEM 16: INVESTMENT DISCRETION**

We usually receive discretionary authority from our clients to select the identity and amount of securities to be bought or sold. However, we also have non-discretionary authority for certain client accounts.

Prior to assuming discretionary or non-discretionary authority, clients are provided an investment advisory agreement. By signing the agreement, clients grant NAM-Hong Kong discretionary or non-discretionary investment authority over their accounts. For North American clients, the agreement is with NAM-USA. When required under applicable law, NAM-USA will provide North American clients with our current Form ADV Part 2A and Part 2B.

When selecting securities and determining amounts, we observe the investment objectives, policies, limitations and restrictions of our clients. For registered investment companies, our authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made. Investment guidelines and restrictions must be provided to us in writing.

## ITEM 17: VOTING CLIENT SECURITIES

### A. Policies and Procedures Relating to Voting Client Securities

NAM-Hong Kong and its Affiliated Advisers have adopted a Proxy Voting Policy that requires that client proxies be voted solely in the client's long-term interests. When a client gives us authority to vote proxies for securities held in its account, we do not assume the role of an active shareholder. Rather, if we are dissatisfied with the performance of a particular company, we will generally reduce or terminate our position in the company rather than attempt to force management changes through shareholder activism. Nevertheless, our goal and intent is to vote all proxies in our clients' best interests.

Note that we may vote in a manner that could diminish the value of clients' positions in the short-term if we believe it will increase this value in the long-term and we are holding those securities for the long-term.

It is our general policy, absent a particular reason to the contrary, to vote with management's recommendations. However, we reserve the right to depart from this policy in order to avoid voting decisions that we believe may be contrary to our clients' best interests. Our Proxy Voting Policy discusses our policies on specific issues, such as: the election of directors; anti-takeover measures; mergers, acquisitions and other corporate restructurings; capital structure changes; and executive compensation.

We also have procedures to address potential material conflicts of interest where proxies relate to our money management clients or clients of NAM Tokyo or its investment advisory subsidiaries (collectively, the "NAM Companies").

We invest significantly in foreign markets. Note that protection for clients may vary significantly from jurisdiction to jurisdiction, and in some cases may be substantially less than in the U.S. or developed countries. Proxy voting in certain countries requires "share blocking." That is, shareholders wishing to vote their proxies must deposit their shares shortly before the date of the meeting (usually one week) with a designated depository. During this blocking period, shares that will be voted at the meeting cannot be sold until the meeting has taken place and the shares are returned to the clients' custodian banks. We may determine that the value of exercising the vote does not outweigh the detriment of not being able to transact in the shares during this period. In such cases, we may not vote the affected shares.

Clients can request information about how NAM-Hong Kong voted any proxy in their accounts by contacting the Compliance Department of NAM-USA. Anyone interested can obtain a copy of our written proxy voting procedures by contacting the Compliance Department of NAM-USA.

Telephone: (212) 667 – 1414

Attn: Chief Compliance Officer  
 Nomura Asset Management U.S.A.  
 Worldwide Plaza  
 309 West 49<sup>th</sup> Street  
 New York, New York 10019

Some of our institutional clients choose to vote their own proxies. If clients do not grant us proxy voting authority, then they will receive proxies and other solicitations directly from their custodians or a transfer agent.

#### Class Action Settlements

From time to time, we may receive notices regarding class action lawsuits involving investments that are or were held in a client's portfolio. As a matter of policy, the client, not NAM-Hong Kong, retains the authority to file claims related to class action settlements with respect to investments held in a client's portfolio. We specifically disclaim any legal responsibility to act in class actions for our clients, including separately managed accounts and discontinued or liquidated accounts.



**ITEM 18: FINANCIAL INFORMATION**

We are required in this Item to provide certain financial information or disclosures about our financial condition. We have no financial condition that impairs our ability to meet contractual and fiduciary commitments to clients and have not been the subject of a bankruptcy proceeding.