

Nomura Corporate Research and Asset Management Inc.
(“NCRAM”)

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Part 2A of Form ADV: Firm Brochure

June 25, 2021

This brochure provides information about the qualifications and business practices of Nomura Corporate Research and Asset Management Inc. If you have any questions about the contents of this brochure, please contact us at 212-667-1873 or at 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 Corporate Research and Asset Management Inc. is a registered investment adviser with the SEC. Such registration does not imply any level of skill or training.

Additional information about Nomura Corporate Research and Asset Management Inc. is also available on the SEC’s website at www.adviserinfo.sec.gov. The searchable IARD/CRD number for Nomura Corporate Research and Asset Management Inc. is 110411.

ITEM 2: MATERIAL CHANGES

This brochure is dated June 25, 2021 and is the annual updating amendment to the prior brochure dated June 20, 2020.

There have been no material changes from the last annual update.

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ITEM 4: ADVISORY BUSINESS

A. Firm Description

Nomura Corporate Research and Asset Management Inc. ("NCRAM", "firm", "we", "us" or "our") is an analyst-driven investment boutique management firm that specializes in below investment-grade credit. Providing both discretionary and non-discretionary investment management services to institutional investors, NCRAM is primarily engaged in managing assets consisting of high yield corporate bonds but also manages emerging market bonds and leveraged loans for its clientele on a worldwide basis.

Our "Strong Horse" Approach

NCRAM believes a total return approach driven by credit research is the best way to generate alpha in high yield. We describe our investment approach as the "Strong Horse" philosophy. Strong Horse companies can carry their debt load through good times and bad. These companies generally have a positive ability to de-lever their balance sheet by generating strong, positive cash flows that are sustainable. The creditworthiness of these companies tends to increase over time, as will their credit ratings.

NCRAM (a Delaware corporation) was founded in March of 1991 as a subsidiary of Nomura Holding America Inc. ("NHA"). NHA owns 99% of NCRAM. The ultimate parent company, Tokyo-based Nomura Holdings, Inc. ("NHI"), owns the remaining 1%. NHI is a publicly traded company listed on the Tokyo and New York stock exchanges. NHI, together with its affiliates, is known as "Nomura."

NCRAM is registered as an investment adviser with the SEC and is also registered as a third country investment adviser in the Netherlands with the Dutch Central Bank and the Netherlands Authority for the Financial Markets.

B. Description of Advisory Services

NCRAM's advisory services are offered through a variety of investment products and arrangements, depending on the strategy. These include separately managed accounts for well-known U.S. and non-U.S. institutional clients and U.S. and non- U.S. pooled investment vehicles. Although most services are provided on a discretionary basis, NCRAM also provides certain services on a non-discretionary basis. NCRAM provides investment advisory services to offshore funds through arrangements with third-parties and our affiliates, Global Funds Management S.A., Global Fund Trust Company, Nomura Asset Management U.K. Limited, Nomura Asset Management Co., Ltd., Nomura Asset Management Taiwan Ltd. and Nomura Asset Management Europe KVG mbH. The funds are offered to offshore investors and, under such arrangements, we serve as the adviser or sub-adviser.

Although we specialize in investing in high yield fixed income instruments, NCRAM also invests in, receives and/or holds investment grade debt instruments and equity securities. We also trade currency forwards at the request of clients, generally for hedging purposes only.

Fixed Income Instruments

Fixed income instruments include, but are not limited to, the following: debt securities of U.S. and non-U.S. issuers, including zero coupon bonds and payment-in-kind securities, hybrid securities, structured notes, including “indexed” securities and event-linked bonds, corporate loans, loan participations and assignments, obligations of non-U.S. governments or their subdivisions, agencies and government-sponsored enterprises, including Brady bonds, Eurobonds, Yankee Bonds and Global Bonds, and obligations of international agencies or supranational entities.

Equity Instruments

Equity instruments include, but are not limited to, common stock, preferred stock, warrants, rights, depository receipts, real estate investment trusts, limited partnership interests, membership interests in limited liability companies, and shares of pooled investment vehicles.

C. Availability of Customized Services to Individual Clients

We tailor our advisory services to the individual needs of our clients. Clients generally impose 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 in the same manner.

Where NCRAM is the investment adviser/sub-adviser to a pooled investment vehicle, the investment objectives, guidelines and any investment restrictions followed are those of the vehicle (as described in its prospectus or other relevant offering document) and are not tailored to the needs of individual investors in those vehicles.

D. Wrap Fee Programs

NCRAM does not provide portfolio management services in connection with any wrap fee programs.

E. Assets Under Management

As of March 31, 2021	USD Assets Under Management	USD Regulatory Assets Under Management
Assets Managed on a Discretionary Basis	\$ 28,069,401,333	\$ 32,115,803,035
Assets Managed on a Non-Discretionary Basis	\$ 201,931,093	\$ 201,931,093
Total Assets	\$ 28,271,332,426	\$ 32,317,734,128

ITEM 5: FEES AND COMPENSATION

A. Advisory Fees and Compensation

NCRAM's investment management fees generally depend on the services provided, may be subject to negotiation, and are typically expressed as a percentage of net assets under management. Fee arrangements are based on a number of different factors including, but not limited to: investment mandate, services performed, client relationship and account size. To the extent permitted by law, NCRAM may also charge a performance fee.

NCRAM's fee schedule is omitted because this brochure is delivered only to qualified purchasers as defined in the Investment Company Act of 1940, as amended (the "1940 Act").

B. Payment of Fees

The specific manner in which NCRAM charges fees is established in the client's written agreement with NCRAM. NCRAM generally bills its fees 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. We do not directly debit fees from client accounts.

Separately Managed Accounts

We generally charge asset-based management fees for all our clients. All management fees are subject to negotiation. Fee structures may be modified in circumstances which may include, but are not limited to the following: where a new account is expected to grow rapidly, where a relationship already exists with a current client or where the client retains NCRAM 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 are specialized investment strategies with individualized fee arrangements in place as well as historical fee schedules with long-standing clients that differ from those applicable to new client relationships. We may, in our sole discretion, reduce and/or waive management fees for a client at any time.

Management fees are generally 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. Our services may be terminated pursuant to the provisions of each advisory agreement. The termination provisions of any particular advisory agreement 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.

NCRAM also manages accounts that provide for additional 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 on performance fees.

Pooled Investment Vehicle Fees

NCRAM acts as investment adviser, investment manager or sub-adviser to pooled investment vehicles such as U.S. mutual funds and offshore pooled investment vehicles. Our fees for such services are based on each investment vehicle's particular circumstances. NCRAM receives a management fee from all pooled investment vehicles. Some vehicles also pay NCRAM a performance fee. The amount of the management fee and performance fee varies from vehicle to vehicle and is set forth in the prospectus or other relevant offering document for each fund. Each fund also ordinarily bears additional expenses (including organizational and operating expenses). NCRAM's affiliates receive additional compensation for administrative, custodial, accounting or other services provided to some of these pooled investment vehicles.

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

C. Additional Fees and Expenses

Our fees 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. Item 12 describes the factors that NCRAM 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 may pre-pay fees if permitted by their investment management agreement. Currently, NCRAM does not have clients that pre-pay fees.

E. Additional Compensation and Conflicts of Interest

Underlying Fund Fees

SEC registered investment companies and other collective investment vehicles also charge internal operational fees, which are disclosed in a fund's prospectus or shareholder report.

We may invest client assets in money market funds, exchange traded funds or other types of fund vehicles managed by a third party, usually at the request of clients. In addition to NCRAM's management fee and any performance fee paid, clients will also incur, relative to investments in such funds, normal expenses and advisory fees imposed by the funds held in the account as well as other fees charged by the vehicle, if any.

Investment Management by Sub-Advisers

For some of our global high yield mandates, we appoint our affiliate, Nomura Asset Management Singapore Limited (“NAM-Singapore”), as sub-adviser to manage, on a discretionary basis, a portion of a client’s account.

NCRAM conducts due diligence on NAM-Singapore. Clients are encouraged to review the sub-adviser's Form ADV Part 2A for important information relating to the sub-adviser's professionals, services and associated advisory fees.

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

All of our discretionary client accounts pay a management fee. As discussed in Item 5 above, certain accounts also pay performance fees. These arrangements are only with “qualified clients” as defined under Rule 205-3(d) under the Investment Advisers Act of 1940, as amended (“Advisers Act”). Such fees are subject to individualized negotiation with each such client. In measuring clients' assets for the calculation of performance-based fees, we include realized and unrealized capital gains and losses.

In addition to reserving the right to negotiate and charge different management fees for accounts based on client specific needs and goals, as noted in Item 5, NCRAM also reserves the right, in its sole discretion, subject to applicable law, to negotiate and charge performance-based fees or include a performance-based component to any of its fee structures.

Side-by-side management by NCRAM of registered investment companies, non-U.S. pooled investment vehicles and managed accounts may raise potential conflicts of interests, including conflicts associated with the differences in fee structures of such products. Performance-based fee arrangements may create an incentive for NCRAM 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 to favor higher fee paying accounts over other accounts in the allocation of investment opportunities.

Portfolio managers at NCRAM manage portfolios for multiple clients. The portfolios managed by portfolio managers may have investment objectives, strategies and risk profiles that differ from each other. Portfolio managers make investment decisions for each portfolio based on the investment objectives, policies, practices and other relevant investment considerations applicable to that portfolio. Consequently, the portfolio managers may purchase securities for one portfolio and not another portfolio. Securities purchased in one portfolio may perform differently than the securities purchased for another portfolio.

NCRAM's goal is to provide high quality investment services to all of its clients, while meeting our fiduciary obligation to treat all clients fairly, and NCRAM has adopted and implemented policies and procedures, including brokerage and trade allocation policies and procedures, that it believes address the conflicts associated with managing multiple accounts for multiple clients. Moreover, NCRAM monitors a variety of areas, including compliance with applicable laws and regulations, investment guidelines, the allocation of securities, and compliance with NCRAM's Code of Ethics. See Item 11 “Code of Ethics, Participation or Interest in Client Transactions and Personal Trading” and Item 12 “Brokerage Practices.”

ITEM 7: TYPES OF CLIENTS

NCRAM's clients include corporate pension plans, public retirement plans, sovereign wealth funds, foundations, corporations, U.S. mutual funds, collective investment trusts and non-U.S. pooled investment vehicles such as Japanese investment trusts, EU alternative investment funds, and Undertakings for Collective Investment in Transferable Securities ("UCITS") vehicles.

NCRAM generally accepts new client accounts with assets of \$50 million or more. In some instances, we may waive or negotiate the minimum based on the complexities of the situation and/or the needs of the client. Pooled investment vehicles sub-advised by us impose their own minimum investment amount and other investor qualifications.

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

A. Methods of Analysis and Investment Strategies

High Yield Investment Strategies

We believe that a total return approach driven by credit research and a team effort is the best way to generate alpha in the high yield market.

The approach is a collaborative effort with ideas generated by the whole team. Analysts are organized on a sector basis and trained to focus on the return being offered for the risk being taken. Bonds included in portfolios receive endorsement from the portfolio manager and the analyst, which encourages a sense of ownership across the whole team.

We characterize this as primarily bottom up, though top-down perspectives are incorporated. We also characterize this as a fundamental, as opposed to a quantitative, approach.

We frequently communicate with issuers and from time to time visit them. In analyzing financial risk, we examine the leverage applied to the cash flows, as well as financing needs. Financial models are created for potential investments. We also review bond covenants. Our dedicated high yield analysts perform the vast majority of the research utilized in the management of high yield portfolios. In conducting security analysis, we utilize a broad spectrum of information, including financial publications, sell-side research, third-party experts, annual reports, prospectuses, regulatory filings, company press releases, corporate rating agencies, and meetings with management. We also incorporate ESG considerations into our security analysis.

Analysts will recommend potentially favorable credits from within their sectors for inclusion in the portfolio. These recommendations are discussed in meetings with the portfolio managers and we seek to build a consensus before a position is taken. Portfolio managers use these recommendations to build portfolios while adhering to the overall investment strategy based on client risk/return objectives. The portfolio manager has latitude to determine investment strategy position weightings and sector weightings.

While this process is primarily bottom up, there are important top-down inputs. We frequently assess economic conditions and forecasts. We also assess financial market and liquidity conditions. In addition, we review and manage our sector exposures. The top-down perspectives can contribute to our bottom up views while also contributing to the risk posture and sector weightings of the portfolios.

After a portfolio is created, it is actively managed. We closely follow company, industry, and market developments, and we will re-review an investment if an important portion of our investment thesis has changed. We have frequent interaction between research analysts and portfolio managers in a supportive environment. Market or issuer developments are shared among members of the investment team. We may sell an investment once it appreciates above fair value, if its fundamentals deteriorate, or if in our opinion an opportunity with a superior ratio, between risk and reward is presented. Both credit analysts and the portfolio manager are involved in sell decisions. Existing positions are continually monitored by the research analyst and also are formally reviewed during periodic portfolio reviews among the CIO, portfolio manager, and credit analyst.

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. Past performance is not indicative of future results. There is a risk of loss.

B. Material, Significant or Unusual Risks Relating to Investment Strategies

The following is a summary of some of the material risks associated with the investment strategies used by NCRAM. This summary does not attempt to describe all of the risks associated with any investment.

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

The value of portfolios that NCRAM manages may fall as well as rise, and the investor may not receive the full amount originally invested. The investment risks vary between different types of investments. In the case of a higher volatility portfolio the loss on realization or cancellation may be very high (including total loss of investment) as the value of such an investment may fall suddenly and substantially.

Risks Generally Associated with our Investment Strategies

Counterparty Risk

A client account is exposed to the credit risk of counterparties with whom it trades and will also bear the risk of settlement default involving custodians.

Cyber Security Risk

With the increased use of technologies such as the Internet to conduct business, a portfolio is susceptible to operational, information security and related risks. In general, cyber incidents can result from deliberate attacks or unintentional events and are not limited to, gaining unauthorized access to digital systems, and misappropriating assets or sensitive information, corrupting data, or causing operational disruption, including the denial-of-service attacks on websites. Cyber security failures or breaches by a third party service provider and the issuers of securities in which the portfolio invests, have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, the inability to transact business, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, and/or additional compliance costs, including the cost to prevent cyber incidents.

Environmental, Social and Governance ("ESG")

When making investment decisions or recommendations regarding the selection, management and disposition of investments on behalf of client accounts, except to the extent otherwise set forth in the applicable client documentation, NCRAM takes into account ESG considerations as part of its credit analysis. Taking such considerations into account may result in NCRAM not making or not recommending the making of investments when it would otherwise have done so, or disposing or recommending the disposition of investments, when it would otherwise not have done so, in each case which could adversely affect the performance of client accounts. NCRAM may take ESG and related considerations into account for some client

accounts and not others, and, to the extent taking such considerations into NCRAM account, may make different investment decisions or recommendations for different client accounts.

Key Personnel Risk

The success of a client account generally relies on certain key personnel of NCRAM, including NCRAM's investment team. The departure of any of such key personnel or their inability to fulfill certain duties may adversely affect the ability of NCRAM to effectively implement the investment programs of client accounts.

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. Market risks, including political, regulatory, economic and social developments, can affect the value of the fund's investments. Natural disasters, public health emergencies, terrorism and other unforeseeable events may lead to increased market volatility and may have adverse long-term effects on world economics and markets generally.

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.

Public Health Risk

Client accounts could be materially adversely affected by the widespread outbreak of infectious disease or other public health crises, including the COVID-19 pandemic. Public health crises such as the COVID-19 pandemic, together with any containment or other remedial measures undertaken or imposed, could have a material and adverse effect on client accounts and their investments

Settlement Risk

Settlement risk is the risk that a counterparty does not deliver the security (or its value) in accordance with the agreed terms after the other counterparty has already fulfilled its part of the agreement to so deliver. Settlement risk increases where different legs of the transaction settle in different time zones or in different settlement systems where netting is not possible. This risk is particularly acute in foreign exchange transactions.

Risks Generally Associated with Fixed Income Investments

Credit Risk

Credit risk is the risk of an issuer's inability to meet principal and interest payments on the obligation. Any such failure or refusal whether due to insolvency, bankruptcy or other causes, could subject a client to substantial losses. Securities rated below investment grade (also referred to as "high yield" or "junk" bonds) are subject to heightened credit risk, which can result in a portfolio being more sensitive to adverse developments in the U.S. and abroad. Lower rated securities generally involve greater risk of default or price changes due to changes in the issuer's creditworthiness than higher rated debt securities. The market prices of these securities may fluctuate more than higher quality securities and may decline significantly in periods of general economic difficulty.

Distressed Securities Risk

If permitted by a client's investment guidelines, NCRAM will invest in "distressed" securities, claims and obligations of entities which are experiencing significant financial or business difficulties. Investments include, but are not limited to, loans, loan participations, trade claims held by trade or other creditors, stocks, partnership interests and similar financial instruments, executory contracts and options or participations therein not publicly traded.

Distressed securities may result in significant returns to a client, but also involve a substantial degree of risk. A client may lose a substantial portion or all of its investment in a distressed environment or may be required to accept cash or securities with a value less than the client's investment. Among the risks inherent in investments in entities experiencing significant financial or business difficulties is the fact that it frequently is difficult to obtain information as to the true condition of such issuers. Such investments also may be adversely affected by state and federal laws relating to, among other things, fraudulent conveyances, voidable preferences, lender liability and the bankruptcy court's discretionary power to disallow, subordinate or disenfranchise particular claims. The market prices of such instruments are also subject to abrupt and erratic market movements and above average price volatility and the spread between the bid and asked prices of such instruments may be greater than normally expected. In trading distressed securities, litigation is sometimes required. Such litigation can be time-consuming and expensive, and can frequently lead to unpredicted delays or losses. The market for distressed securities and instruments is generally thinner and less active than other markets, which can adversely affect the prices at which distressed securities can be sold.

High Yield Risk

We generally invest in high yield instruments which are rated in the lower rating categories by the various credit rating agencies (or in comparable non-rated securities). Securities in the lower rating categories are subject to greater risk of loss of principal and interest than higher-rated securities and are generally considered to be predominantly speculative with respect to the issuer's capacity to pay interest and repay principal. They are also generally considered to be subject to greater risk than securities with higher ratings in the case of deterioration of general economic conditions. In a recessionary environment it is likely to be significantly more challenging for "high yield" issuers than for "investment grade issuers." Recessionary pressures are likely to reduce cash flow and make it more difficult for a highly leveraged issuer to meet its obligations under indentures and other credit agreements. Because investors generally perceive that there are greater risks associated with the lower-rated securities, the yields and prices of such securities may tend

to fluctuate more than those for higher-rated securities. The market for lower-rated securities is thinner and less active than that for higher-rated securities, which can adversely affect the prices at which these securities can be sold. In addition, adverse publicity and investor perceptions about lower-rated securities, whether or not based on fundamental analysis, may be a contributing factor in a decrease in the value and liquidity of such lower-rated securities.

Lower rated and unrated securities in which NCRAM may invest on behalf of client accounts may have large uncertainties or major risk exposure to adverse economic conditions and are considered predominantly speculative. Generally, such securities offer a higher return potential than higher rated securities but involve greater volatility of price and greater risk of loss of income and principal, including the possibility of default or bankruptcy of the issuers of such securities. The market values of these securities also tend to be more sensitive to changes in economic conditions than higher rated securities. Credit ratings reflect a rating agency's evaluation of the safety of the principal and interest payments of a particular security, not the market value risk of lower-rated securities. Rating agencies may fail to make timely changes to credit ratings to reflect an event occurring since a security was rated, so that outstanding ratings may not reflect the issuer's current credit standing.

High Risk Investments

Subject to investment guidelines, NCRAM may invest in debt and equity securities, accounts and notes payable, loans, private claims and other financial instruments and obligations of troubled companies which may result in significant returns to a client account, but which involve a substantial degree of risk. A client account may lose its entire investment in a troubled company, may be required to accept cash or securities with a value less than the account's investment, and may be prohibited from exercising certain rights with respect to such investment. Troubled company investments may not show any returns for a considerable period of time. Funding a plan of reorganization involves additional risks, including risks associated with equity ownership in the reorganized entity. Troubled company investments may be adversely affected by state and federal laws relating to, among other things, fraudulent conveyances, voidable preferences, lender liability, and the U.S. Bankruptcy Court's discretionary power to disallow, subordinate or disenfranchise particular claims. Investments in securities and private claims of troubled companies made in connection with an attempt to influence a restructuring proposal or plan of reorganization in a bankruptcy case may also involve substantial litigation.

A client account may have significant investments in companies involved in (or the target of) acquisition attempts or tender offers or companies involved in work-outs, liquidations, spin-offs, reorganizations, bankruptcies and similar transactions. In any investment opportunity involving any such type of business enterprise, there exists the risk that the transaction in which such business enterprise is involved either will be unsuccessful, take considerable time or result in a distribution of cash or a new security, the value of which will be less than the purchase price to the client of the security, or other financial instrument in respect of which such distribution is received. Similarly, if an anticipated transaction does not in fact occur, NCRAM may be required to sell a client's investment at a loss. Because there is substantial uncertainty concerning the outcome of transactions involving financially troubled companies in which a client may invest, there is a potential risk of loss by the client of its entire investment in such companies.

Interest Rate Risk

Interest rate risk is the risk that fixed income instruments will decline in value because of changes in interest rates. During periods of declining interest rates, the market price of fixed income instruments generally rises. Conversely, during periods of rising interest rates, the market price of such securities generally declines. The magnitude of these fluctuations in the market price of fixed income instruments is generally greater for securities with longer durations. The values of equity and other non-fixed income securities may also decline due to fluctuations in interest rates.

Small Companies Risk

At any given time, a client account may have significant investments in smaller-to-medium sized companies of a less seasoned nature. These "secondary" securities often involve significantly greater risks than the securities of larger, better-known 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.

Risks Generally Associated with Foreign Investments

Currency Risk

An account that invests in instruments that are denominated in a non-U.S. currency, or that purchases or sells foreign currencies on a spot basis or through currency forwards, is subject to currency risk. Currency risk is the risk that the value of a particular currency will change in relation to one or more other currencies or 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 but not limited to 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.

Emerging Markets Risk

Foreign investment risk as discussed below 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. Investing in emerging market debt or equity involves certain risks and special considerations not typically associated with investing in other more established economies or securities markets. Such risks include (i) the risk of nationalization or expropriation of assets or confiscatory taxation; (ii) social, economic and political uncertainty including war; (iii) dependence on exports and the corresponding importance of international trade; (iv) price fluctuations, less liquidity and smaller capitalization of securities markets; (v) currency exchange rate fluctuations; (vi) rates of inflation (including hyperinflation); (vii) controls on foreign investment and limitations on repatriation of invested capital and on a client's ability to exchange local currencies for U.S. dollars; (viii) governmental involvement in and control over the economies; (ix)

governmental decisions to discontinue support of economic reform programs generally and to impose centrally planned economies; (x) differences in auditing and financial reporting standards which may result in the unavailability of material information about issuers; (xi) less extensive regulation of the securities markets; (xii) longer settlement periods for securities transactions in emerging markets; (xiii) less developed corporate laws regarding fiduciary duties of officers and directors and the protection of investors; and (xiv) certain considerations regarding the maintenance of clients' portfolio securities and cash with non-U.S. sub-custodians and securities depositories.

Foreign Investment Risk

A client account that invests in foreign (non-U.S.) securities will sometimes 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, natural disasters and public health emergencies, associated with non-U.S. investments. For example, because certain of our client accounts invest a large percentage 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 a client's investment.

Issuer Concentration, Geographic Concentration and Country Risk

Because certain client accounts invest a higher percentage of their assets in a relatively small number of issuers, these accounts will 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 and public health emergencies might have substantial economic impacts on affected regions, at least temporarily.

Market Exchange

Foreign markets differ widely in trading and execution capabilities, liquidity and expenses, including brokerage and transaction costs.

Risks Generally 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 will 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.

Subject to investment guidelines, NCRAM will generally acquire equity securities through company reorganizations or other types of corporate actions. 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 equities may decline or may not approach the value that the portfolio manager anticipates.

Warrants

Warrants are instruments that entitle the holder to buy an equity security at a specific price for a specific period of time. Changes in the value of a warrant do not necessarily correspond to changes in the value of its underlying security. The price of a warrant is often more volatile than the price of its underlying security and, as a result a warrant will offer greater potential for capital appreciation as well as capital loss. Warrants do not entitle a holder to dividends or voting rights with respect to the underlying security and do not represent any rights in the assets of the issuing company. A warrant ceases to have value if it is not exercised prior to its expiration date. These factors can make warrants more speculative than other types of investments.

Risks Generally Associated with Particular Activities or Types of Securities

Asset-Backed Securities and Mortgage-Backed Securities

Holders of asset-backed and mortgage-backed securities bear various risks, including credit risks, liquidity risks, interest rate risks, market risks, operations risks, structural risks and legal risks. Credit risk is an important issue in such securities because of the significant credit risks inherent in the underlying collateral and because issuers may be private entities. All of these factors increase the risk involved with commercial real estate lending and commercial real estate mortgage-backed securities.

Bank Loans

Based on a client's investment guidelines, NCRAM will invest client assets in bank loans through participations or assignments. In connection with purchasing participations, the client assets generally will have no right to enforce compliance by the borrower with the terms of the loan agreement relating to the loan, nor any rights of set-off against the borrower, and the client assets may not benefit directly from any

collateral supporting the loan in which they have purchased the participation. As a result, the client assets will assume the credit risk of both the borrower and the lender that is selling the participation. When NCRAM on behalf of its clients purchases assignments from lenders, the client assets will acquire direct rights against the borrower on the loan.

Convertible and Preferred Securities

Convertible and preferred securities have many of the same characteristics as stocks, including many of the same risks. In addition, convertible bonds may be more sensitive to changes in interest rates than stocks. Convertible bonds may also have credit ratings below investment grade, meaning that they carry a higher risk of failure by the issuer to pay principal and/or interest when due.

Foreign Currency Hedging

When requested by a client, NCRAM will use forward currency contracts to hedge against movements in the values of the foreign currencies in which the account's securities are denominated. Such currency hedges can protect against price movements in a security an account owns or intends to acquire that are attributable to changes in the value of the currency in which it is denominated. Such hedges do not, however, protect against price movements in the securities that are attributable to other causes.

It is not possible to hedge fully or perfectly against currency fluctuations affecting the value of securities denominated in foreign currencies because the value of those securities is likely to fluctuate as a result of independent factors not related to currency fluctuations. Furthermore, by hedging a particular position, any potential gain from an increase in the value of such position is limited.

Forward contracts are not traded on exchanges; rather, a bank or dealer will act as agent or as principal in order to make or take future delivery of a specified lot of a particular currency for an account. Although NCRAM does not believe that the foreign currency market is necessarily more volatile than other commodity markets, such forward currency transactions generally involve less protection against defaults than trading on exchanges. Client accounts are subject to the risk of a principal's failure or inability or refusal to perform with respect to such contracts. The failure of a principal with which a client has contracted would likely result in a default, thereby depriving the account of unrealized profits or forcing the account to cover its commitments for resale, if any, at the then market price. Assets of an account on deposit by way of margin (if applicable) with such principals generally are not protected by the same segregation requirements imposed on regulated commodity brokers with respect to customer funds on deposit with them.

Leverage Risk

If an account utilizes leverage, the account will be subject to heightened risk. Leverage may take the form of borrowing funds, trading on margin, derivative instruments that are inherently leveraged, and investment transactions that give rise to leveraging such as the use of when-issued, forward settlement or delayed delivery transactions. Leveraging may cause an account to set aside or liquidate portfolio assets to satisfy its obligations. Further, leveraging may cause an account to be more volatile than if the account had not been leveraged. This is because leveraging tends to exaggerate the effect of any increase or decrease in the value of an account's portfolio securities and may lead to a loss in the account in excess of the capital commitment.

Restricted Securities

Restricted securities are securities that cannot be sold freely to the public absent registration under the Securities Act of 1933, as amended (the “1933 Act”) or an exemption from registration. This generally includes securities that are unregistered that can be sold to qualified institutional buyers in accordance with Rule 144A under the 1933 Act or securities that are exempt from registration under the 1933 Act, such as commercial paper. Institutional markets for restricted securities have developed as a result of the promulgation of Rule 144A under the 1933 Act, which provides a “safe harbor” from 1933 Act registration requirements for qualifying sales to institutional investors. A significant amount of the U.S. high yield fixed income securities in which NCRAM invests are Rule 144A restricted securities.

Sovereign Debt Risk

Sovereign debt securities are debt securities issued by U.S. and foreign governments. Sovereign debt securities are subject to the risk that a government may delay or refuse to pay interest or repay principal on its sovereign debt due, for example, to cash flow problems, insufficient foreign currency reserves, political considerations, the relative size of the government’s debt position in relation to the economy or the failure to put in place economic reforms required by the International Monetary Fund or other multilateral agencies. If a government defaults, it may ask for more time in which to pay or for further loans. There is no legal process for collecting sovereign debt that a government does not pay nor are there bankruptcy proceedings through which all or part of the sovereign debt that a government has not repaid may be collected. Some countries in which NCRAM invests have historically experienced and may continue to experience high rates of inflation, high interest rates, exchange rate fluctuations, trade difficulties and extreme poverty and unemployment.

Supranational Debt Obligations

Supranational entities are entities constituted by the national governments of several countries to promote economic development, such as the World Bank, the International Monetary Fund, the European Investment Bank and the Asian Development Bank. Obligations of these entities are supported by appropriated but unpaid commitments of their member countries, and there can be no assurances that these commitments will be undertaken or met in the future.

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 Status

NCRAM 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

NCRAM is an exempt commodity pool operator and commodity trading adviser.

C. Material Relationships or Arrangements with Our Investment Adviser Affiliates

Investment Adviser Affiliates

NCRAM manages non-U.S. pooled investment vehicles through sub-advisory arrangements that it has with third party advisers as well as with our investment advisory affiliates, Global Funds Management S.A., Global Fund Trust Company, Nomura Asset Management Co., Ltd. (“NAM-Tokyo”), Nomura Asset Management U.K. Limited (“NAM-UK”), Nomura Asset Management Taiwan Ltd. (“NAM-Taiwan”), and Nomura Asset Management Europe KVG mbH (“NAM-Europe”). NCRAM has investment discretion under each of these arrangements, which includes the selection of executing broker-dealers. All pooled investment vehicles are managed in accordance with investment objectives and guidelines established by NCRAM and/or our affiliates or clients. As mentioned previously, for some of our global high yield clients we appoint our affiliate NAM-Singapore Limited as sub-adviser to manage, on a discretionary basis, a portion of a client’s account.

The personnel of affiliates may also be directors, trustees and/or officers of these pooled investment vehicles.

In addition to NAM-Tokyo, NAM-UK, NAM-Taiwan and NAM-Europe, NCRAM’s other investment advisory affiliates include Nomura Asset Management U.S.A. Inc. (“NAM-USA”), NAM-Singapore, Nomura Asset Management Hong Kong Limited (“NAM-HK”), Nomura Asset Management Malaysia Sdn. Bhd., and Nomura Islamic Asset Management Sdn. Bhd.,

NAM-Tokyo, NAM-UK, NAM-USA, and NAM-Singapore are registered with the SEC as investment advisers.

Separate Accounts

NCRAM also acts as sub-adviser for separate account clients managed by NAM-Tokyo.

Affiliated Custodians

Nomura Trust & Banking Co., Ltd. (“NTB”) acts as custodian and trustee for some Japanese investment trusts for which we serve as manager or sub-adviser, and Nomura Bank (Luxembourg) S.A. (“NBL”) acts as

custodian for several offshore funds for which we serve as manager or sub-adviser. NBL may also provide administrative services to these funds.

NTB and/or NBL also act, at times, as the counterparty for foreign exchange transactions that are executed for certain offshore funds we sub-advise.

Sponsor of Limited Partnerships

NCRAM affiliates may create and/or distribute unregistered privately-placed vehicles and may receive fees for managing those vehicles

Affiliated Broker-Dealers

Several of our employees are registered securities representatives of Nomura Securities International, Inc., ("Nomura Securities"), an affiliated broker-dealer registered with the SEC and a member of the Financial Industry Regulatory Authority ("FINRA").

Other Affiliated Arrangements

NCRAM receives marketing and/or client service support from its affiliates including NAM-Tokyo, NAM-USA, NAM-Europe, NAM-HK, and NAM-UK.

NAM-USA also provides compliance and portfolio risk monitoring services to NCRAM and some of our employees may be dual-hatted with NAM-USA. In addition, NHA and certain of its subsidiaries provide to and receive certain services from NCRAM, 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. NCRAM also receives operations support and various other services from Nomura Services India Private Limited. Information barriers exist between NCRAM and the other businesses within NHA, Nomura Securities and its other affiliates. In addition, Nomura has ownership interests in trading venues and exchanges which 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 Adviser Affiliates

See Item 10.C above for a discussion of relationships that NCRAM has with other affiliated investment advisers. NCRAM does not select non-affiliated investment advisers for its 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 our clients, we place our clients' interests first and foremost. However, NCRAM 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, NCRAM has adopted a Code of Ethics ("Code") with which all supervised persons must comply.

Standards of Conduct

The following is a summary of the Code's core principles and applies to all supervised persons within NCRAM:

- 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 NCRAM, annually, or as the Code is amended.

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

Attention: Chief Compliance Officer
Nomura Corporate Research and Asset Management Inc.
Worldwide Plaza
309 West 49th Street
New York, New York 10019

B. Securities in which NCRAM or a Related Person Has a Material Financial Interest

From time to time NCRAM, or any related person or any of their respective employees, may have a known financial interest in securities owned by or recommended to clients of NCRAM. For example, such parties may (1) purchase interests in funds or other private investment vehicles managed by NCRAM or its related persons or (2) invest in mutual funds advised or sub-advised by NCRAM or its related persons. Potential conflicts could also occur if NCRAM engages in transactions with any entities which hold significant interests in Nomura. Any such transactions will be conducted in compliance with the requirements of the Advisers Act and/or the Investment Company Act of 1940, as applicable.

C. NCRAM or a Related Person May Invest in the Same or Related Securities

From time to time NCRAM, or any of its affiliates or their respective access persons, as defined by the Advisers Act, or their clients may invest in the same securities owned by or recommended to clients of NCRAM. NCRAM is not obligated to recommend, buy or sell, or take any short position with respect to, or to refrain from recommending, buying or selling or taking any short position with respect to such securities. In addition, NCRAM is not obligated to seek information or to make available to or share with any client any information, investment strategies or investment opportunities developed or used in connection with other clients, and NCRAM may act on the basis of such information for certain portfolios in a manner that may have an adverse effect on other portfolios.

NCRAM has adopted policies and procedures relating to personal securities transactions and insider trading that are designed to mitigate actual conflicts of interest.

Under NCRAM's Code, employees are required to disclose their brokerage accounts, obtain pre-clearance for most securities transactions prior to execution, are subject to a fourteen day blackout restriction, which prevents them buying or selling a security within seven calendar days before or seven calendar days after the same security is traded for an advisory account, and are also required to hold certain securities for a period of 15 days before they are able to sell. Employees are permitted to invest in equity securities of issuers whose fixed income securities may be held in client portfolios.

The Code requires all employees of NCRAM and certain non-employees (as applicable) to submit quarterly reports of transactions in accounts in which they or their immediate family members have beneficial interest and annually certify to their holdings. The Code also addresses issues such as political contributions, gifts and entertainment, service on boards of directors and outside business activities.

Material, Non-Public Information and Insider Trading

From time to time, NCRAM 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, NCRAM 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. NCRAM shall have no obligation or responsibility to disclose, or use such information for the benefit of any person, including clients.

NCRAM has established “information barrier” procedures and other policies that prohibit the misuse of such information. Nomura may make decisions or take (or refrain from taking) actions with respect to investments of the kind held by NCRAM clients that could be adverse to NCRAM clients.

In addition, NCRAM and NHA maintain one or more restricted lists of companies whose securities are subject to certain trading prohibitions. NCRAM personnel are 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 will be unable to buy or sell certain securities of such issuers until the restriction is lifted, which could disadvantage the client.

D. Trading-related Conflicts of Interest

In making investment decisions for multiple client accounts, we are often 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

NCRAM manages accounts for itself and for its affiliates. NCRAM affiliates may also invest in fund vehicles that are offered to clients. NCRAM, its affiliates and its employees will benefit from the investment performance of these accounts and funds (“affiliated accounts”).

Affiliated accounts will often invest in the same securities, at or around the same time, as client accounts. Although NCRAM may have an incentive to favor affiliated accounts, NCRAM’s policy is to allocate trades to affiliated accounts in the same manner as client accounts. Affiliated accounts are normally included in NCRAM’s daily block trades to the same extent as client accounts. For more information on trade allocation and aggregation practices, see Item 12 below.

Allocation of Investment Opportunities

Other potential conflicts of interest may arise in purchasing and selling securities for multiple client accounts. NCRAM will use its best judgment to act in a manner it considers fair and reasonable in allocating investment opportunities among its clients particularly when there is limited availability of an investment.

In buying or selling the same securities for multiple client accounts contemporaneously, trade aggregation could create the potential for unfairness to client accounts if one account is favored over another, particularly where there is limited availability or limited liquidity for an investment. Please see Item 12 on “Trade Allocation and Aggregation Practices.”

Because client accounts have different mandates or investment restrictions, NCRAM may make different investment decisions for different accounts. As a result, we 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 in the same security for other clients. Such trading activity may disadvantage some clients while benefiting others, including affiliated accounts.

NCRAM has implemented trade oversight and review procedures to avoid systematically advantaging certain clients over others.

Cross Transactions

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

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, 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. NCRAM attempts to address these potential conflicts of interest through various compliance policies intended to treat all clients fairly and equitably over time.

Participating in Affiliated Underwritings

Subject to applicable regulatory requirements, clients may participate in securities offerings where an affiliate of NCRAM serves as a 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 could 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.

Principal Transactions and Agency Cross Transactions

It is our policy not to engage in principal transactions or agency cross transactions, unless requested by a client. 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 is also 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.

E. Other Conflicts of Interests Related to Nomura’s Activities

Nomura’s global financial activities may have potential adverse effects on NCRAM’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 NCRAM 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 different 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.

NCRAM might not engage in transactions for a client account in consideration of Nomura’s activities outside the client account. For example, NCRAM could determine to restrict or limit the amount of a client account’s

investment where exceeding a certain aggregate amount could require a filing, or license, or other regulatory or corporate consent, which could, among other things, result in additional costs and disclosure obligations for Nomura, including NCRAM. We could 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 such 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 periodically 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 applicable law.

Political Contributions

NCRAM has a strict policy against making political contributions for the purpose of obtaining or retaining business with government entities ("pay-to-play"). To help ensure compliance with SEC rules and state and local pay-to-play rules, all 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 NCRAM Considers in Selecting or Recommending Broker-Dealers for Client Transactions and Determining the Reasonableness of their Compensation

Broker-Dealer Selection

NCRAM generally has discretionary authority to direct trades for its clients and selects broker-dealers to execute those trades. It is NCRAM's policy to seek to obtain best execution on all client transactions (which may or may not result in paying the lowest available brokerage commission or dealer spread). As a result, in selecting broker-dealers, NCRAM takes 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; or
- Other factors that may bear on the overall evaluation of best price and execution.

NCRAM may execute transactions through affiliates to the extent consistent with law, with client instruction, and within its duty to seek best execution.

Orders may only be placed with broker-dealers that are on the firm's Approved Counterparty List, unless an exception is warranted.

Research and Soft Dollar Benefits

Section 28(e) of the U.S. Securities Exchange Act of 1934, as amended (the "1934 Act") provides a safe harbor from the liability of fiduciary duties under state and federal law when advisers purchase brokerage and research products and services with client brokerage dollars under specified circumstances. Specifically, Section 28(e) permits investment advisers to cause a client to pay a broker-dealer a commission that is higher than another broker-dealer might have charged when the investment adviser believes that is reasonable given the value of any research and/or brokerage services provided by the broker-dealer that provide lawful and appropriate assistance to the investment adviser in its investment decision-making or trade execution processes. In such circumstances, the investment adviser may be deemed to be paying for such research

and/or brokerage services with client commissions (sometimes called “soft dollars”). Soft dollars can present advisers with conflicts that arise from an adviser’s receipt of some benefits (e.g. benefits that it would otherwise have to purchase with its own resources or produce itself), in exchange for directing brokerage for a client.

Although broker-dealers provide NCRAM with proprietary research, NCRAM does not use client commissions to pay for such research. NCRAM 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

NCRAM does not consider referrals when selecting broker-dealers.

Client Directed Brokerage

We do 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 or spreads could be higher than the rates or spreads we might pay for transactions in non-directed accounts. Also, clients that restrict our brokerage discretion could 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 will 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 “bunch” the trades in order to create a “block transaction,” in accordance with applicable law. Generally, buying and selling in blocks helps create trading efficiencies, prompt attention and desired price execution. When executing block trades, trades will be allocated among accounts using procedures that we consider fair and equitable. Participation of an account in the allocation is based on such considerations as investment objectives, investment guidelines and restrictions, availability of cash, amount of exiting holdings of the security in the accounts, and directed brokerage instructions, if applicable.

In some cases, such as for new issues of fixed income securities, various forms of pro rata allocations are used, and in other cases, other allocation processes are used. However, considerations such as lot size, existing or targeted account weightings in particular securities, account size, cash availability, diversification requirements and investment objectives, and investment guidelines and restrictions may result in more particularized allocations. [Minimum lot size restrictions on securities may result in smaller accounts not participating in block trades, including new issues.](#) As a result, performance results for these accounts will be impacted and will vary from other client accounts we manage in the same strategy.

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 sale executed during the trading day. We generally do not participate in initial public offerings of equity securities.

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, NCRAM will often 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 clients are treated equitably over time.

Non-Discretionary Accounts

We provide non-discretionary investment advisory services in which we make recommendations to clients on purchasing, selling and holding particular investments. Once the client has informed us whether to accept our recommendations, NCRAM will execute purchases or sales on behalf of the client. Discretionary and non-discretionary clients will generally hold the same or similar securities. There could be timing differences related to the transmission of advice to a non-discretionary client for consideration and that client's determination of whether or not to act on the advice. As a result, trades may be executed with respect to securities for discretionary clients in advance of executions for non-discretionary clients, potentially disadvantaging the non-discretionary clients.

ITEM 13: REVIEW OF ACCOUNTS

A. Frequency and Nature of Review of Clients Accounts

Client accounts primarily are reviewed by the portfolio managers and investment analysts. Client accounts are monitored and reviewed on an ongoing basis in order to verify that transactions conform to the client's investment objectives and restrictions. NCRAM holds periodic meetings with its analysts to review and discuss events affecting investment strategy. Informal monitoring occurs daily with respect to the purchase and sale of securities or instruments.

NCRAM utilizes an automated third-party system that electronically monitors many of the investment guidelines and restrictions. This system is a tool used to assist our portfolio managers, compliance personnel and operations support staff.

B. Factors Prompting Review of Client Accounts Other than a Periodic Review

In addition to periodic review, NCRAM performs reviews as it deems appropriate or otherwise required. Additional reviews are triggered by client requests, compliance monitoring, industry factors, market developments, statutory and regulatory changes as well the following factors:

- High yield fixed income accounts - credit quality of issues in the portfolio, tender offers, calls, the market price of securities, consent solicitations and company specific news releases.
- Leveraged loan accounts - credit quality of borrowers in the portfolio, mandatory and voluntary prepayments of outstanding corporate loans, the market price of the corporate loan investments, periodic, non-public financial reports by the corporate borrowers to the corporate loan investors, and company-specific news releases and periodic public reports.
- Emerging market fixed income accounts - credit quality of issues in the portfolio, debt exchanges or liability management exercises, calls, the market price of securities, company specific news releases, country or governmental agency specific news releases, changes in interest rate policy, changes in foreign exchange policy, imposition or relaxation of foreign exchange controls, changes in political office or political power base within a given country or region within a country, changes in tax policies or other regulations that may impact foreign investors, changes in settlement procedures and changes in policy that would increase or decrease the liquidity of securities in emerging markets.

C. Content and Frequency of Reporting to Clients

We furnish monthly accounting reports to 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 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 NCRAM 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.

As discussed in Item 10, we have marketing arrangements with NAM-USA, NAM-Tokyo and NAM-UK. NCRAM pays these affiliates a percentage of the advisory fees that it earns from certain client accounts.

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

From time to time, we or our affiliates 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, NCRAM and/or its affiliates may pay compensation to the consultant. These industry consultants may at times evaluate and/or recommend NCRAM to their other clients.

ITEM 15: CUSTODY

NCRAM does not have custody of separately managed account assets. Such client funds and securities are held by a qualified custodian appointed by clients pursuant to a separate custody agreement. Therefore, each client must select a custodian and may be required to pay custodial fees.

NCRAM is deemed to have custody over the assets of several Japanese investment trusts ("JITs") in which it serves as sub-adviser solely because an affiliate acts as custodian or trustee. Cohen and Company, Ltd. has been appointed the independent representative for these JITs to review and reconcile quarterly account statements issued by the custodians of the JITs.

ITEM 16: INVESTMENT DISCRETION

NCRAM accepts discretionary and non-discretionary authority to manage advisory accounts. A client's executed investment management agreement authorizes such authority.

Clients place limitations on the manager's discretionary authority based on its investment objectives, policies, or guidelines. For certain pooled investment vehicles (e.g. U.S. mutual funds and UCITS) our authority to trade securities can also be limited by certain governmental securities and tax laws that require diversification of investments and favor the holding of investments once made

When selecting securities and determining amounts, we observe the investment objectives, policies, limitations and restrictions of our clients. Investment guidelines and restrictions are generally accepted and must be provided to us in writing.

ITEM 17: VOTING CLIENT SECURITIES

A. Policies and Procedures Relating to Voting Client Securities

Clients may authorize NCRAM to vote proxies of the securities in the client's portfolio. NCRAM recognizes that proxy voting is a valuable right of company shareholders. The firm has in place policies and procedures to ensure that NCRAM is administering proxy voting matters in a manner consistent with the best interests of its clients and in accordance with its fiduciary duties under applicable laws. Generally, NCRAM will vote all proxies it timely receives. However, it may be unable to vote proxies in certain circumstances, such as when securities are part of a securities lending program. In fulfilling its obligations to clients, NCRAM's goal and intent is to vote all proxies in its clients' best long term interests. NCRAM may vote in a manner that could diminish the value of a client's position in the short-term if we believe it will increase this value in the long-term and we expect to hold the security for the long-term.

Clients who have delegated voting responsibility to NCRAM may from time to time contact their client representative if they would like to direct NCRAM on how to vote in a particular solicitation. NCRAM will use its commercially reasonable efforts to vote according to the client's request in these circumstances.

NCRAM has implemented processes designed to prevent conflicts of interest from influencing proxy voting decisions. These processes include a review of the conflict to determine if the vote should be referred to the client to vote or referred to another investment professional. Clients can request information about how NCRAM voted any proxy in their accounts by contacting their client service representative or by calling the Compliance Department, at 212 667-1873, or via postal request addressed to:

Attention: Chief Compliance Officer
Nomura Corporate Research and Asset Management Inc.
Worldwide Plaza
309 West 49th Street
New York, New York 10019

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 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 NCRAM, 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**A. Balance Sheet**

NCRAM does not require or solicit prepayment of more than \$1200 in fees per client, six months or more in advance.

B. Financial Conditions Likely to Impair Ability to Meet Contractual Commitments to Clients

NCRAM is not aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients.

C. Bankruptcy Filings

NCRAM has not been the subject of a bankruptcy petition at any time during the past ten years.