

Nomura Asset Management UK Limited

NOMURA

Nomura RAFI® (Fundamental Indexing)

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UK**

August 2011

Nomura RAFI[®] (Fundamental Indexing)

The benefits of RAFI

■ The RAFI approach

- Select and weight stocks by non-price measures of firm size:
 - Sales, cash flow, dividends, and book value
- Achieve excess returns over cap weighting¹
 - 2–4% in developed markets
 - 4–8% in less efficient markets (Emerging Markets)
- Preserve the advantages of passive investing:
 - Diversification
 - Liquidity
 - Transparency
 - Broad economic representation
 - Low cost access to equity markets
 - Low due diligence and monitoring costs

¹Based on Research Affiliates historical simulated data using CRSP, Compustat, Worldscope and Datastream, on universe of U.S. equities 1962-2009 and International equities 1984-2009.

Nomura & Research Affiliates (RA)

Our relationship



- Nomura is a minority Shareholder of Research Affiliates (creator of the fundamental index concept)
- Assisted Research Affiliates in original research of the RAFI® concept for International Markets. (“Global Fundamental Indices”, Nomura Securities Financial & Economic Research Centre, November 3, 2005, H.Tamura and Y. Shimizu)
- Our dedicated Fundamental Index Team (Tokyo) have worked with RA since the beginning (2005)
- Our approach is based on original methodology first created by RA
- Nomura manages over \$7.7bn in RAFI Strategies (Global, Regional and country specific)*
- Dedicated Nomura RAFI® investment team specifically for its RAFI® portfolio management
- We follow the model RAFI Portfolio and don’t use FTSE RAFI Index tracker data
- Weekly tele-conference calls with Research Affiliates research team to discuss about the RAFI® portfolios
- Established ‘live fee paying’ track records in investing in RAFI® funds for over 5 years

*As at 30 June 2011

Introduction

Index funds are a compelling choice for investors

- Access to market returns at low cost
- Favourable portfolio attributes
- Superior performance over time relative to most active managers

The cap-weighted approach leads to a performance “drag”

- Overweights the overpriced shares relative to fair value weight
- Underweights the underpriced shares relative to fair value weight

The Fundamental Index approach eliminates this “drag”

- Weights stocks by non-price measures of firm size
- Achieves long-term excess returns of 2-4% in developed markets; greater in less efficient spaces
- Preserves many of the advantages of index fund investing

The Advantages of Market Cap Investing

Cost Matters Hypothesis

- Market is cap-weighted so, collectively, active managers own the market less their higher costs
- Most active managers will underperform
- Index funds access market returns at low cost

Favorable portfolio attributes

- Large investment capacity
- Low fees and expenses
- Diversification
- Broad market exposures

Theoretical support

- Efficient Markets Hypothesis - stock prices reflect all information; stock-picking is futile
- CAPM - cap-weighted portfolio is optimal

Problem with Cap-Weighting: Mispricing

If mispricing occurs, cap-weighting has a structural flaw

- Portfolio weights are inextricably linked to any pricing errors
- Overvalued stocks are overweighted
- Undervalued stocks are underweighted
- Portfolios are particularly vulnerable to pricing bubbles and subsequent corrections

Mispricing is an empirical reality

- Mispricing is evident in most markets
- Massive bubbles: South Sea, Dutch Tulip, “Nifty-Fifty”
- Smaller bubbles: Krispy Kreme Donuts, Crocs, Ethanol
- Recent bubbles: Technology and .com

In Fact, Mispricing is a Market Reality

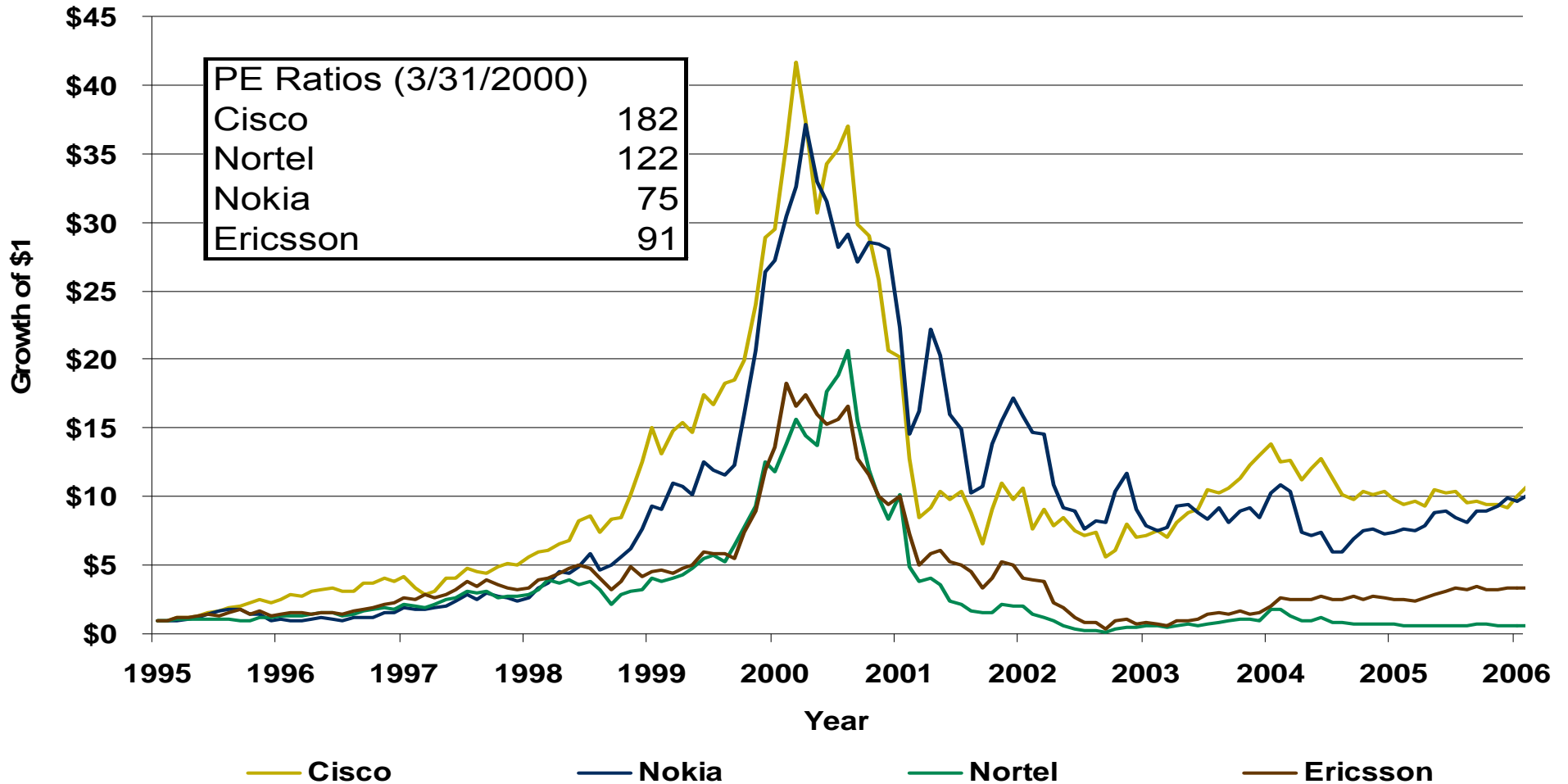
Stocks and markets have pricing errors

- Cisco, Nortel, Nokia, Ericsson, NTT DoCoMo, Softbank, Tom.com, One-Tel, Via Tech—all lost 70–98% during .com/telecom bubble correction

Academic research finds evidence of “mispricing”

- Information herding
- Over-extrapolation
- Noise traders
- Agency conflicts

The Rise and Fall of Tech Stocks



Based on month-end market close prices.
 Source: Research Affiliates, based on data from Bloomberg.

RAFI®

The Concept

The RAFI[®] Approach

Create an index that reflects a company's economic footprint using fundamental measures of size

- Sales (5-year average)
- Cash flow (5-year average)
- Gross dividends paid (5-year average)
- Book value (Current Year)

The result, for any of these:

- Breaks the link between pricing errors and portfolio weights
- Pricing errors are uncorrelated (and cancel)
 - For example, both overvalued and undervalued stocks will be over-weighted and under-weighted, but the errors largely offset each other
- Retains many benefits of an equivalent cap-weighted index
- Outperforms equivalent cap-weighted index by more than 200 bps per year, on average*

*Research Affiliates historical data based on universe of U.S. equities 1962-2006.

Benefits of a Composite Approach

Any single-metric approach works well, but has structural biases:

- **Sales:** Overexposed to large companies with thin margins
- **Cash flow:** Overexposed to cyclical stocks at cyclical peaks
- **Dividends:** Overexposed to mature, high-yield companies and exclusion of growth companies
- **Book value:** Overexposed to companies with aggressive accounting

Composite approach improves methodology:

- Diversifies exposure to data source, sectors, and other risks
- Improves robustness of methodology
- Improves stability of factors
- Superior risk–return performance

RAFI[®] Outperforms with Lower Volatility

(1984 – June 2011)

Index	Ending Value of \$1	Annual Return	Volatility	Sharpe Ratio	Tracking Error
MSCI World	\$ 14	10.0%	15.5%	0.33	---
Equal Weight Developed 1000	\$ 20	11.8%	16.2%	0.41	4.1%
Book	\$ 22	11.9%	15.8%	0.45	4.4%
Cash Flow	\$ 29	13.1%	14.9%	0.55	4.4%
Sales	\$ 28	12.8%	16.3%	0.49	5.2%
Gross Dividend	\$ 30	13.2%	14.6%	0.57	6.2%
RAFI Composite	\$ 27	12.8%	15.2%	0.52	4.5%

Results are based on Research Affiliates, LLC. research. Hypothetical or simulated performance results have certain inherent limitations. Unlike actual performance records, simulated results do not represent actual trading.

Source: Research Affiliates, based on data from Bloomberg.

RAFI Concept Works Globally

to 30 June 2011

Country	FTSE RAFI Return	MSCI Return	Value Added	Tracking Error	Info Ratio	Alpha t-statistic	Start Date
Austria	16.1%	8.5%	7.6%	9.0%	0.85	4.66	1984
Ireland	7.5%	2.9%	4.6%	23.7%	0.20	0.98	1988
Japan	0.1%	-4.3%	4.4%	4.3%	1.02	3.38	1984
France	14.4%	10.6%	3.8%	6.1%	0.63	3.40	1984
Portugal	9.7%	5.9%	3.8%	12.1%	0.31	1.78	1989
Hong Kong	19.0%	15.7%	3.2%	5.8%	0.55	3.12	1984
Germany	12.0%	8.9%	3.1%	5.3%	0.59	3.91	1984
Canada	12.5%	9.5%	3.0%	6.2%	0.48	3.90	1984
Norway	13.3%	10.6%	2.8%	7.5%	0.37	1.88	1984
Spain	13.1%	10.5%	2.6%	4.4%	0.60	3.87	1988
Singapore	10.2%	7.9%	2.3%	6.6%	0.34	1.84	1988
Italy	11.7%	9.5%	2.2%	5.4%	0.40	2.04	1984
United Kingdom	12.8%	10.6%	2.1%	4.5%	0.48	2.36	1984
United States	12.7%	10.6%	2.1%	4.9%	0.43	3.04	1984
Greece	11.0%	9.2%	1.8%	12.6%	0.14	0.52	1989
Australia	13.1%	11.4%	1.7%	4.2%	0.40	2.87	1984
Sweden	15.2%	13.7%	1.5%	8.7%	0.18	1.49	1984
Finland	11.0%	9.6%	1.5%	16.8%	0.09	1.06	1988
Belgium	10.9%	10.0%	0.9%	7.8%	0.11	0.90	1984
Netherlands	11.0%	10.3%	0.7%	9.8%	0.08	-0.06	1984
Switzerland	9.8%	9.5%	0.3%	4.6%	0.06	0.29	1984
Denmark	9.1%	9.7%	-0.5%	10.1%	-0.05	-0.16	1984
New Zealand	2.8%	5.0%	-2.2%	9.3%	-0.23	-1.16	1988
23-Country Average	13.5%	10.9%	2.5%	3.3%	0.77	3.90	1984

*23-Developed Country Average values are determined from the return series of the average country, not the average of each respective statistic in the above table

Source: Research Affiliates, LLC. Hypothetical or simulated performance results have certain inherent limitations. Unlike actual performance records, simulated results do not represent actual trading.

Passive or Active?

Fundamental Indexing has both Passive and Active characteristics

Passive;

- Invests in broad market exposures, doesn't select individual stocks by active judgement
- Supposes that stock prices are unpredictable and active costs don't achieve excess returns

Active;

- Strategy index aiming to achieve excess returns of 2-4% over equivalent Cap-weighted Index
- Supposes that markets are inefficient

How to implement Fundamental Index?

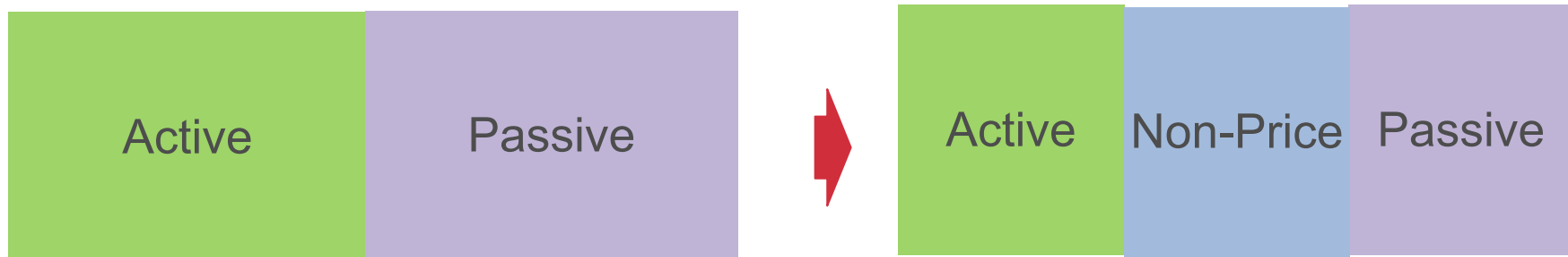
Rebalancing the portfolio weight to adjust to the target weight

- In the actual portfolio, the portfolio weights deviates from the fundamental weights by market stock price fluctuations
- It is impracticable to maintain the fundamental weights in the actual portfolio, considering transaction costs by continuous rebalancing
- Any actual portfolio, including conventional indices (e.g. FTSE RAFI[®] Index), takes a kind of “active risk” against the ideal Fundamental Index[®] portfolio which keeps the fundamental weights

The third category – “Non-Price”

Create the “Non Price” portfolio segregated from the traditional “Active - Passive” framework

- The hypothesis behind Fundamental Index[®] differs from both Active and Passive strategy

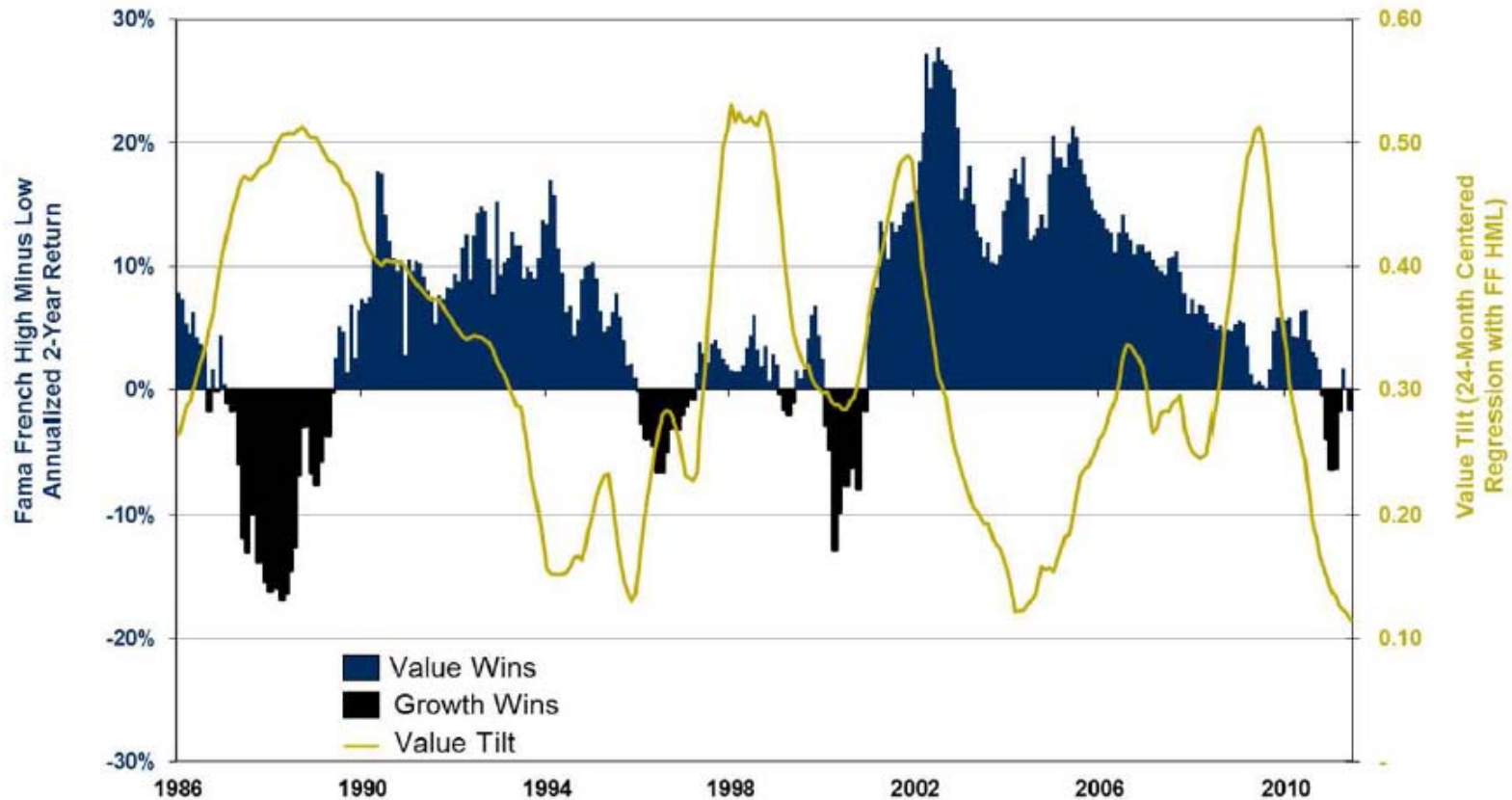


RAFI[®]: A New Take on Value

RAFI Exposure to Value is Dynamic

(1979 – June 2011)

Value Tilt of RAFI US Large is Most Pronounced When Value is Beating Growth, and Modest When Growth is Beating Value



Value Tilt—Rolling regression coefficient of RAFI US Large against $[\text{Russell 1000 Value} - \text{Russell 1000 Growth}]/2$

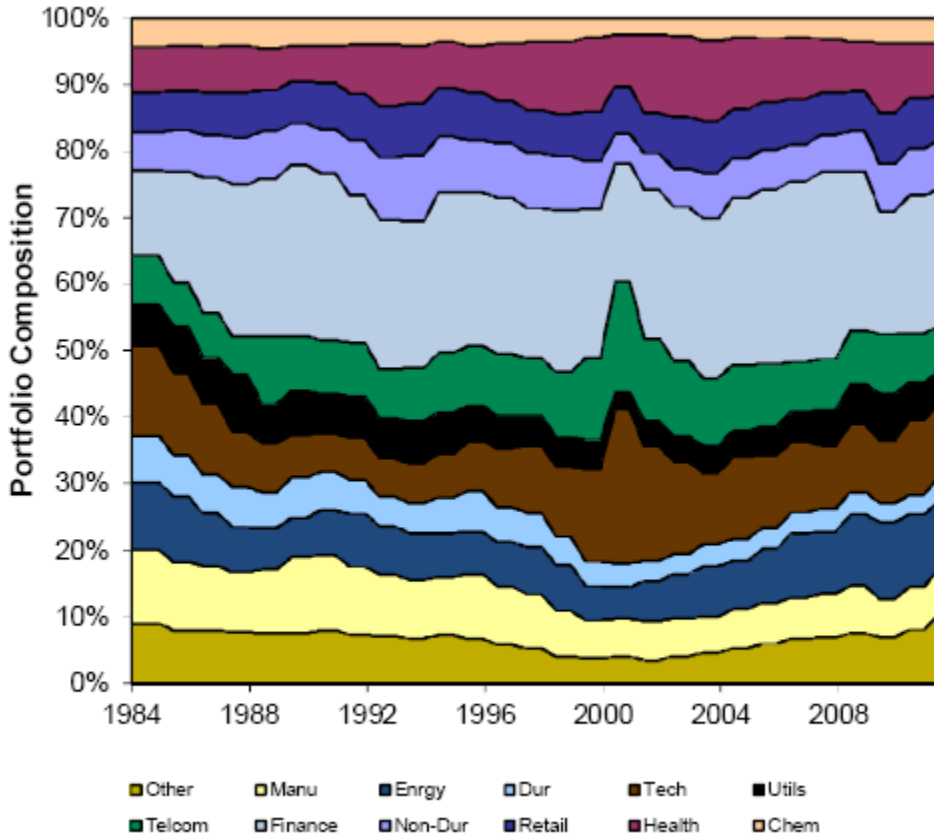
Source: Research Affiliates, LLC. Hypothetical or simulated performance results have certain inherent limitations. Unlike actual performance records, simulated results do not represent actual trading.

RAFI[®]: Sector and Country Comparisons

Sector Weights: Which is the Passive Strategy?

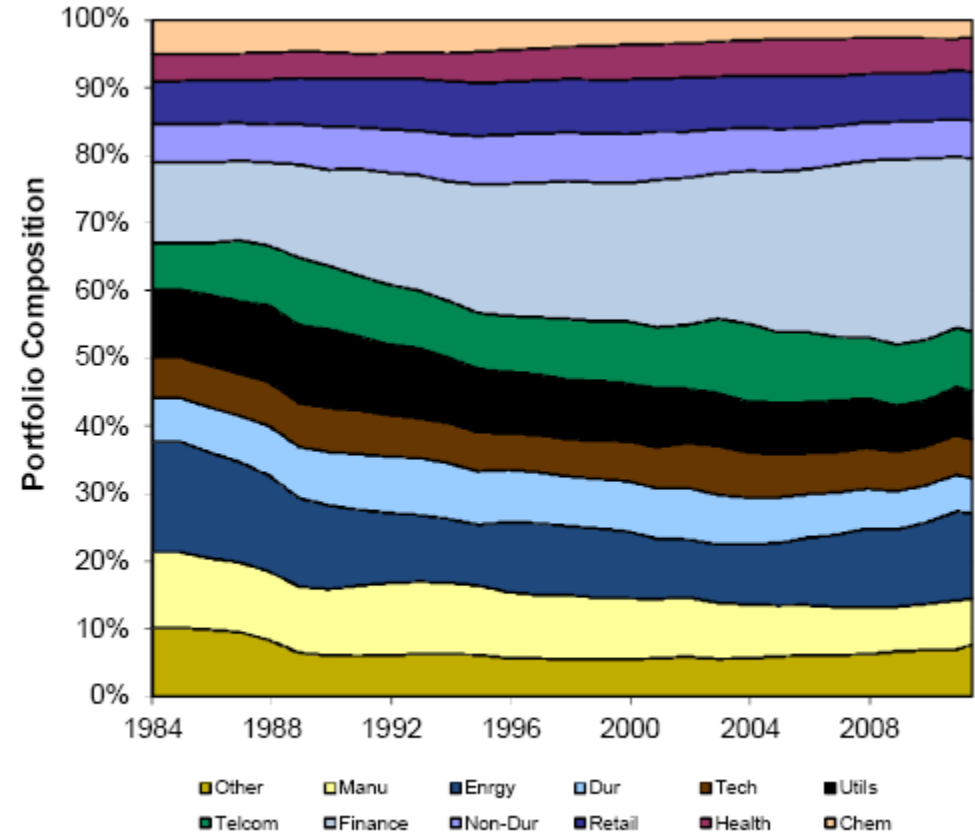
Rolling 12-Month Averages: 1962 – June 2011 (US Market)

Cap Weighted



Chasing the winners?

Fundamental Index



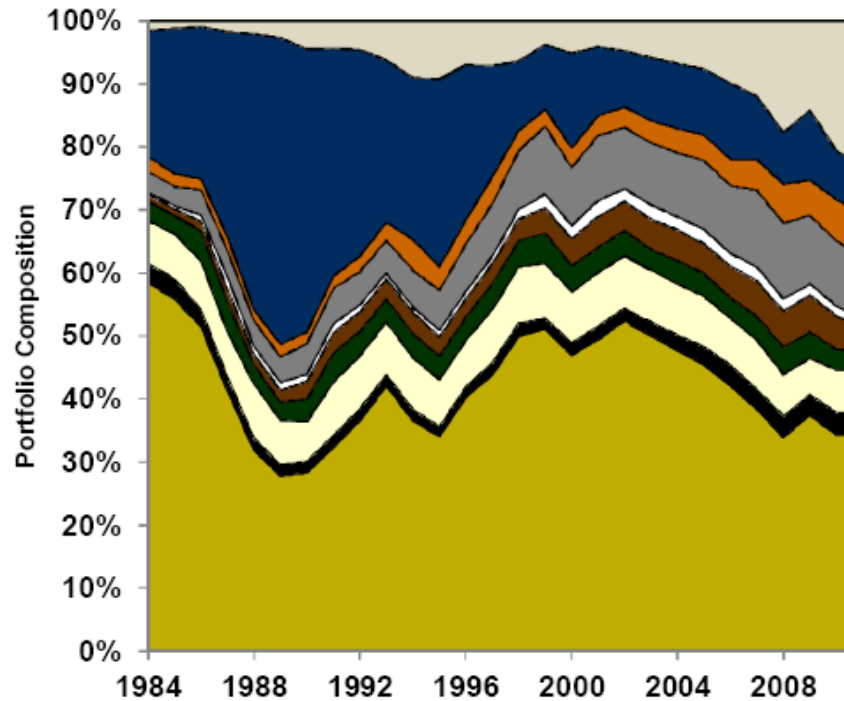
Buy low, sell high

Source: Research Affiliates, LLC.

Country Weights: Which is the Passive Strategy?

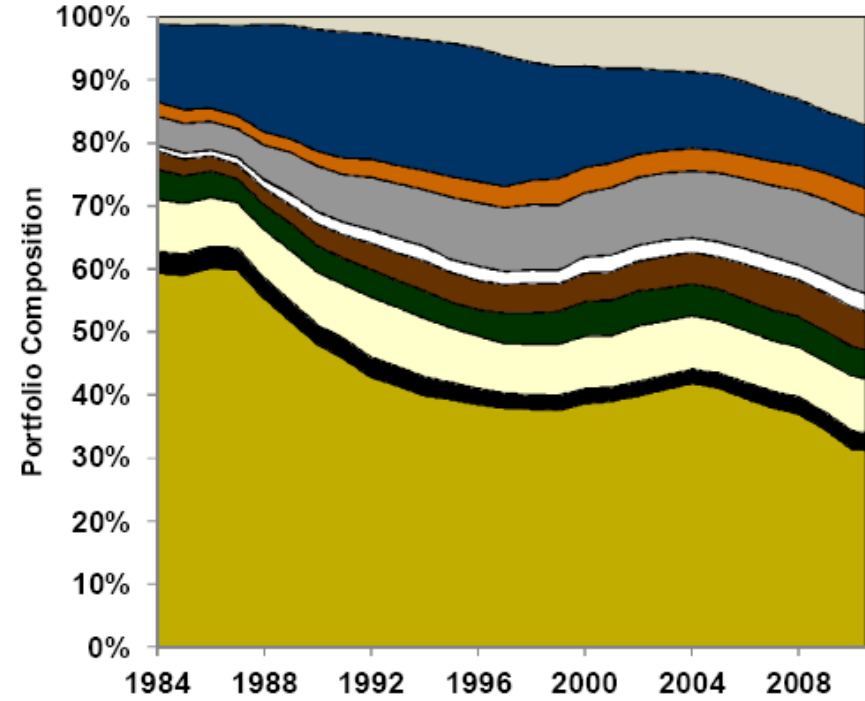
Rolling 12-Month Averages: 1984 – June 2011

Cap Weighted



- United States
- Canada
- United Kingdom
- Germany
- France
- Italy
- Other Europe
- Dev. AP ex Japan
- Japan
- EM

Fundamental Index Target Weight



- United States
- Canada
- United Kingdom
- Germany
- France
- Italy
- Other Europe
- Dev. AP ex Japan
- Japan
- EM

- Cap weighting over-weights the overvalued *countries*
- Fundamental Index portfolio bypasses country bubbles

Source: Research Affiliates, LLC.

Fundamental Index Performance During Global Financial Crisis

- Fundamental Index strategy does not outperform *every* bear market
 - Especially when markets punish deep value stocks in favor of growth
 - This is not typical of bear markets, which normally savage growth stocks
- Two causes of bear markets:
 - Correction of irrational exuberance in stocks (tech bubble)
 - Fundamental Index strategy typically outperforms by a wide margin
 - Macroeconomic reasons (energy crisis, financial crisis)
 - Fundamental Index strategy typically on par with cap-weighted benchmarks
- When prices eventually correct upwards to fundamentals, Fundamental Index strategy shows significant alpha recovery
- Fundamental Index advantage comes from avoiding overreactions to irrational anti-bubbles and trading *into* the least favored companies

Bear Markets¹ When Fundamental Index Portfolio Underperformed During the Decline

	Peak ²	Trough ²	Peak to Trough		12 Months After Trough ³		Full Cycle Returns ³	
			RAFI	S&P 500	RAFI	S&P 500	RAFI	S&P 500
Credit Crunch '66	Jan-66	Sep-66	-16%	-15%	50%	43%	26%	21%
Credit Crunch '69	Nov-68	May-70	-24%	-22%	47%	53%	11%	19%
Gulf War	Jun-90	Oct-90	-18%	-15%	55%	47%	27%	25%
Financial Crisis	Oct-07	Feb-09	-55%	-50%	129%	88%	4%	-6%

¹ We present only significant bear markets where the Fundamental Index portfolio underperformed during the decline. The above sample excludes bear markets when the Fundamental Index portfolio outperformed in decline: Dec 1972–Sept 1974; Nov 1980–Jul 1982; Aug 1987–Nov 1987; Mar 2000–Sep 2002.

² Based on S&P 500 cumulative performance.

³ Peak through 24 months after trough.

Source: Research Affiliates, LLC. Based on data from CRSP, Compustat and Bloomberg. THE INDEX DATA PUBLISHED HEREIN IS SIMULATED, UNMANAGED AND CANNOT BE INVESTED IN DIRECTLY. PAST SIMULATED PERFORMANCE IS NO GUARANTEE OF FUTURE PERFORMANCE AND IS NOT INDICATIVE OF ANY SPECIFIC INVESTMENT. ACTUAL INVESTMENT RESULTS MAY DIFFER.

International Region Performance

up to 30 June 2011

	Start Date	Return	Volatility	Value Add	% 3 Year Wins
Simulated RAFI US Large S&P 500	1962 (49 years)	11.5% 9.4%	15.4% 15.1%	2.1%	73.9%
Simulated RAFI – 23 Country Average MSCI – 23 Country Average	1984 (27 years)	13.5% 10.9%	16.3% 15.8%	2.5%	91.5%
Simulated RAFI US Small Russell 2000	1979 (32 years)	15.5% 11.5%	19.5% 19.9%	4.0%	95.5%
Simulated RAFI All World 3000 MSCI All Country World	1984 (27 years)	13.5% 9.1%	15.7% 15.6%	4.4%	90.5%
Simulated RAFI EM MSCI EM	1994 (17 years)	15.7% 6.9%	25.5% 24.3%	8.8%	99.4%

Source: Research Affiliates, LLC. Hypothetical or simulated performance results have certain inherent limitations. Unlike actual performance records, simulated results do not represent actual trading.

Dynamic Attribution Analysis of RAFI Returns

Simulated RAFI All World 3000 (1984–June 2011)

<i>Total Value Added</i>	4.35%
<i>Average Tilts</i>	0.86%
<i>Dynamic Tilts</i>	3.48%
Sector Allocation	0.24%
Average Sector Exposure	-0.04%
Dynamic Sector Exposure	0.28%
Style: Growth vs. Value	1.88%
Average Value Exposure	0.72%
Dynamic Value Exposure	1.15%
Style: Small vs. Large	0.00%
Average Size Exposure	0.06%
Dynamic Size Exposure	-0.06%
Country Allocation	1.37%
Average Country Exposure	0.12%
Dynamic Country Exposure	1.25%
Stock Selection	0.85%

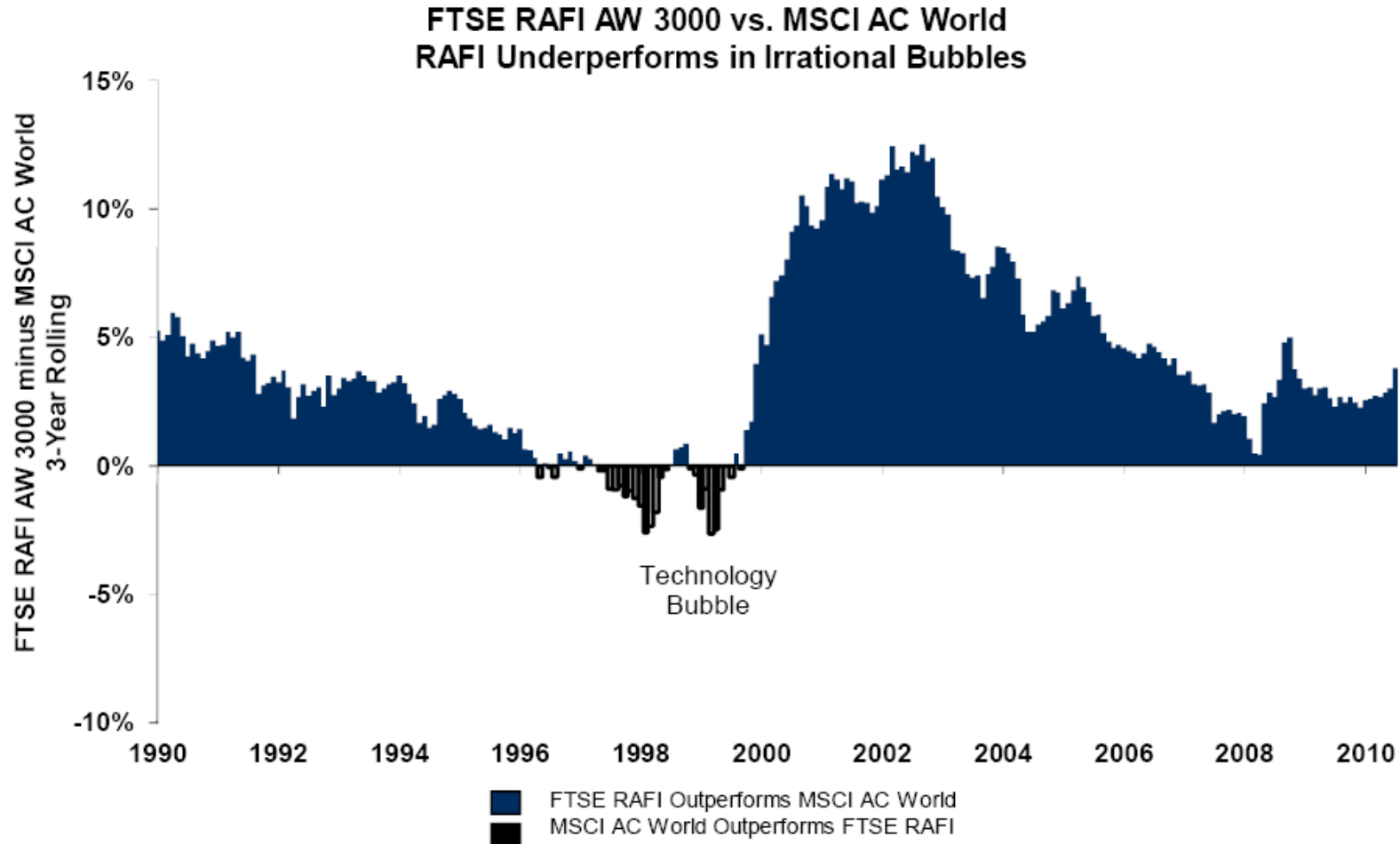
Simulated RAFI US 1000 (1962–June 2011)

<i>Total Value Added</i>	2.15%
<i>Average Tilts</i>	0.59%
<i>Dynamic Tilts</i>	1.56%
Sector Allocation	0.47%
Average Sector Exposure	-0.05%
Dynamic Sector Exposure	0.51%
Style: Growth vs. Value	1.16%
Average Value Exposure	0.44%
Dynamic Value Exposure	0.72%
Style: Small vs. Large	0.45%
Average Size Exposure	0.20%
Dynamic Size Exposure	0.25%
Stock Selection	0.07%

Source: Research Affiliates, LLC. Based on research conducted by Research Affiliates, LLC for the periods as indicated in the tables above. Source data provided by Bloomberg. Hypothetical or simulated performance results have certain inherent limitations and do not represent actual trading. Past simulated performance is no guarantee of future results.

RAFI Underperforms in Irrational Bubbles

(1988 – June 2011)

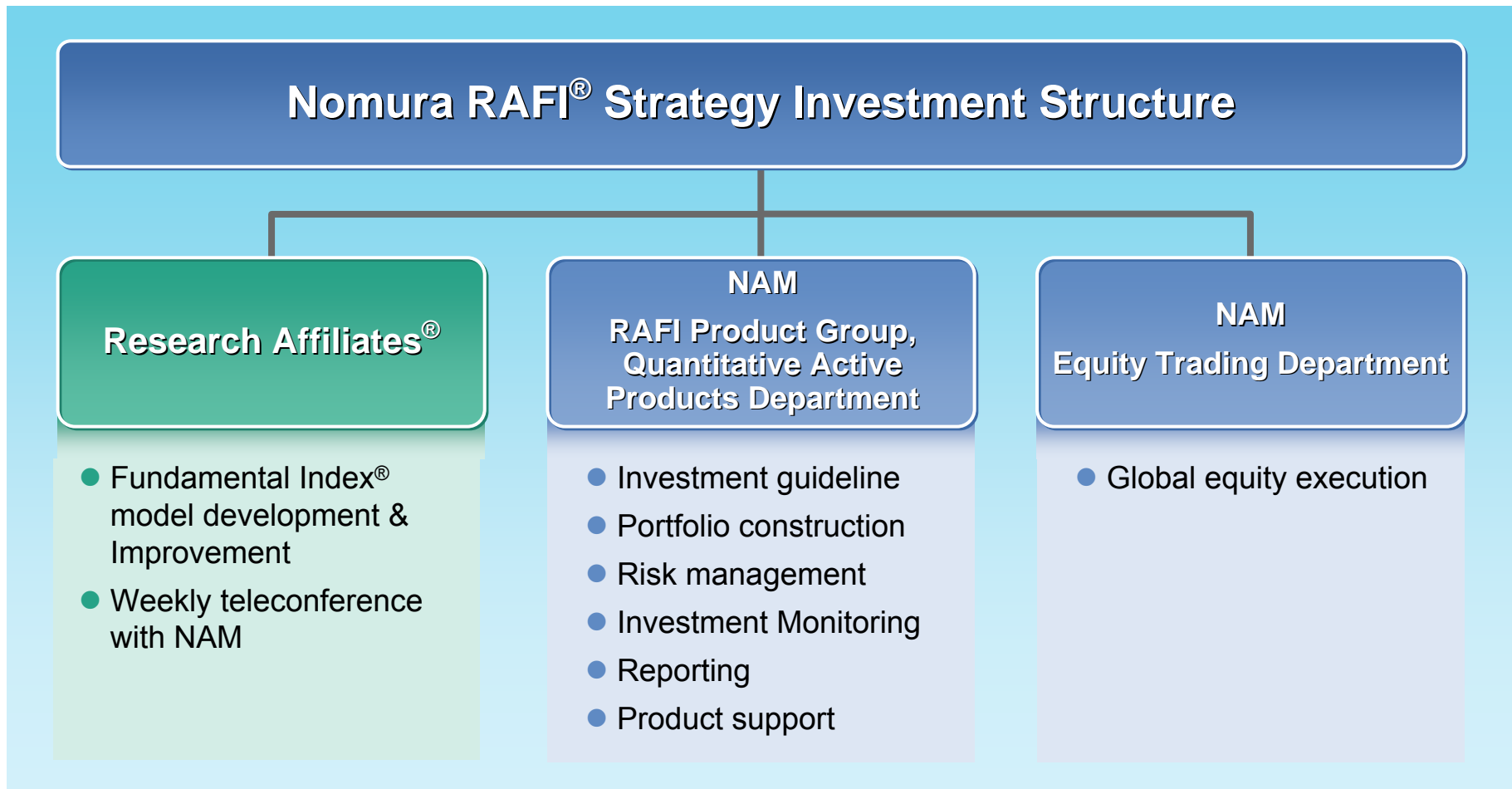


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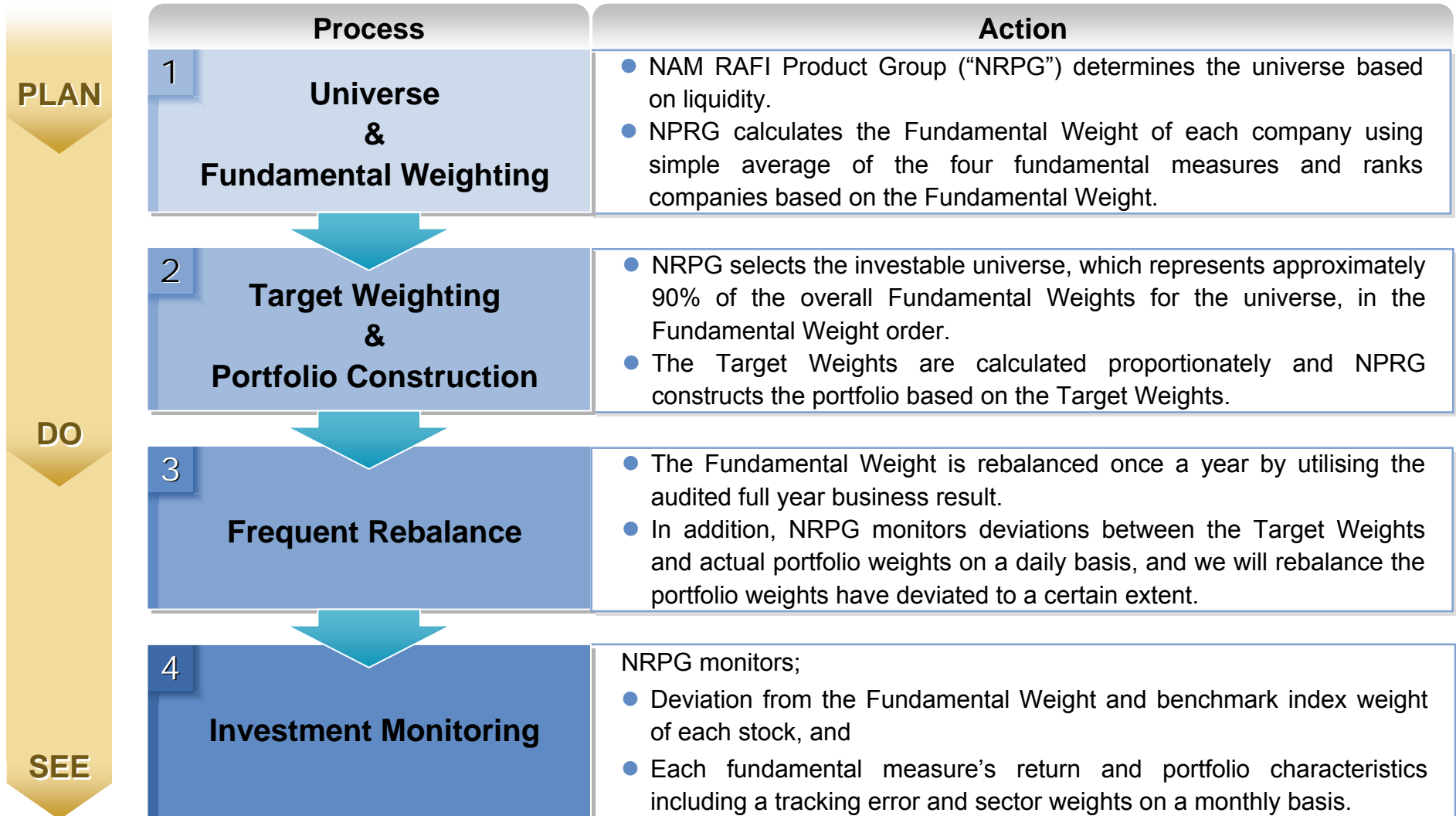
Nomura RAFI®

“Sustainable Implementation of Fundamental Indexing”

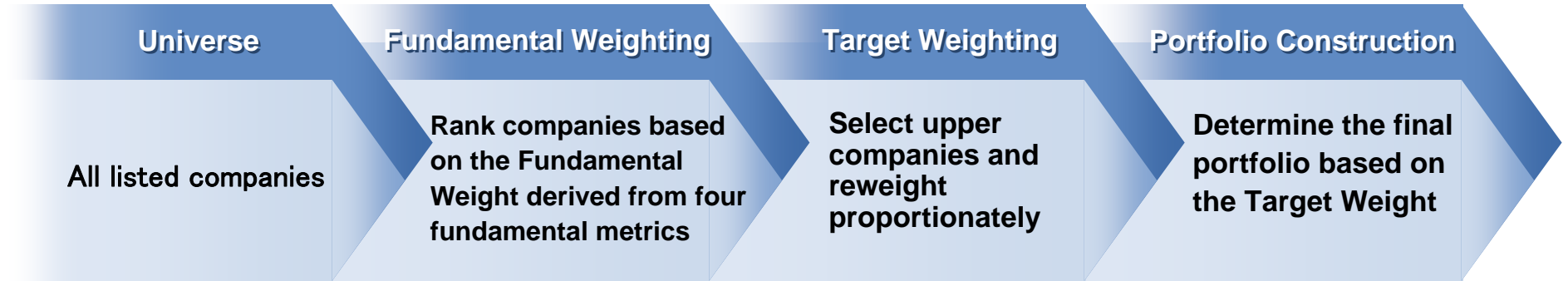
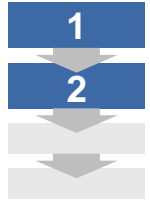
Nomura RAFI[®] Strategy – Investment Team



Nomura RAFI[®] – Investment Process



Nomura RAFI[®] – Portfolio Construction



Compose the Fundamental Weight using four fundamental metrics

	Book Value	Sales*	Cash Flow	Dividends		Fundamental Weight		Target Weight		Portfolio
Stock 1	4.5%	2.5%	3.0%	0.5%	Simple Average	2.6%	Screening & Reweighting	2.9%	→	3.0%
Stock 2	1.2%	1.5%	2.0%	1.2%		1.5%		1.7%		1.8%
⋮	⋮	⋮	⋮	⋮		⋮		⋮		⋮
Stock X	3.5%	4.5%	3.0%	4.5%		3.9%		4.3%		4.4%
	100.0%	100.0%	100.0%	100.0%		100.0%		100.0%		100.0%

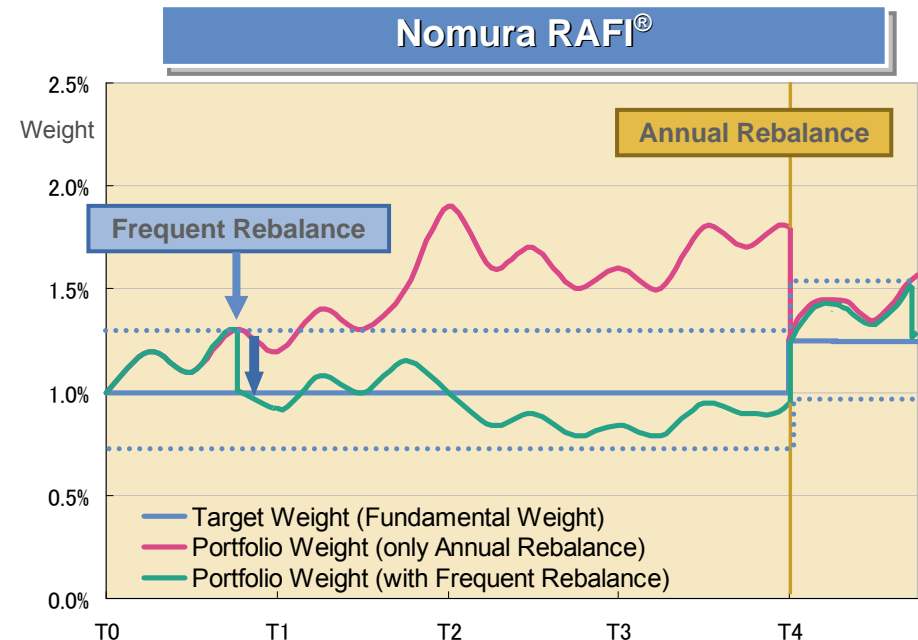
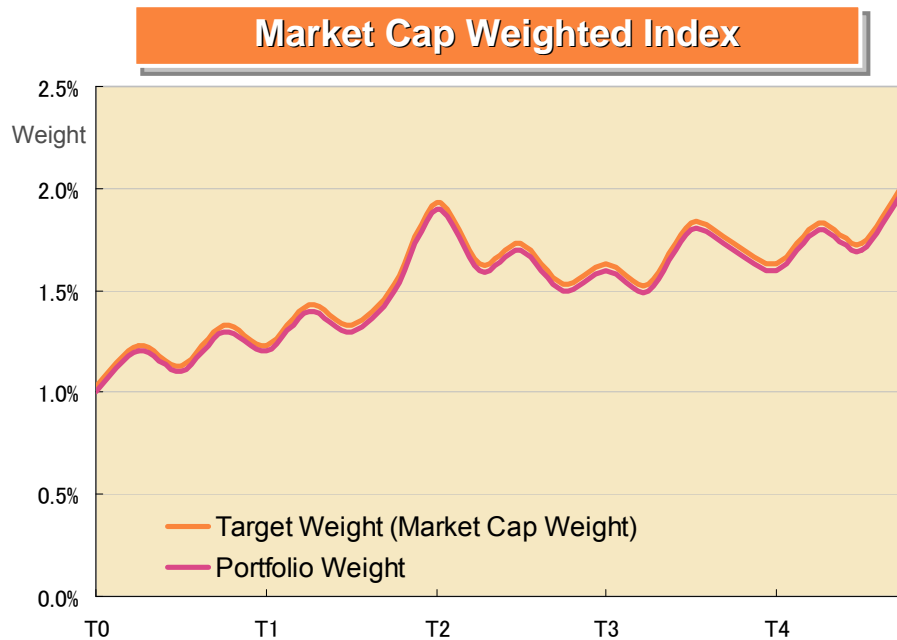
*Nomura RAFI[®] Japan Strategy use Net Income.

Nomura RAFI[®] – Frequent Rebalance



Try to minimise the deviation from the fundamental weights

- The Fundamental Weight is rebalanced once a year by utilising the audited full year business result
- Additionally, Nomura RAFI[®] also rebalances the portfolio weights have deviated from the target fundamental weight to a certain extent



Nomura RAFI[®] – Pooled Funds

	Investment Policy	Region	Benchmark	Target Excess Return	Assumed Tracking Error	No. of Stocks
Nomura RAFI[®] Japan Strategy (Inception February 2006)	Aims for investment returns above the benchmark for long term investing using Fundamental Index [®] methodology developed by Research Affiliates [®] LLC.	Japan	TOPIX	2% (annualised)	5% (annualised)	Approx. 1,000 stocks
Nomura RAFI[®] Global ex Japan Strategy (Inception October 2005)		Developed ex Japan	MSCI KOKUSAI INDEX	2% (annualised)	5% (annualised)	Approx. 1,000 stocks
Nomura RAFI[®] Global All Country Strategy (Inception April 2008)		All Country	MSCI AC WORLD INDEX	2% (annualised)	5% (annualised)	Approx. 1,500 stocks
Nomura RAFI[®] Emerging Markets Strategy (Inception March 2010)		Emerging Markets	MSCI EMERGING MARKETS INDEX	4% (annualised)	6% (annualised)	Approx. 500 stocks

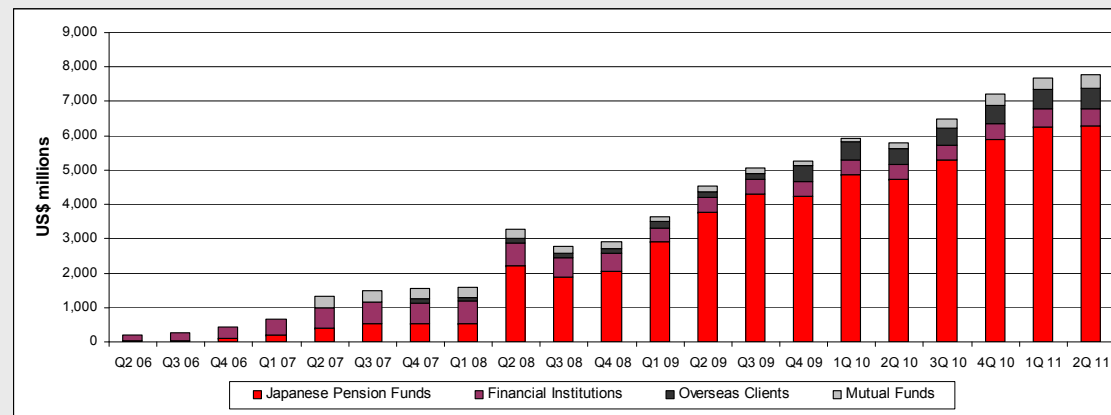
* The target excess return and assumed tracking error;

- Based on the long term back test data provided by Research Affiliates[®] LLC.
- Above figures are long-term (more than 5 years) targets for this product. The tracking error indicates the likely historical tracking error (i.e. the standard deviation of the excess return) that is anticipated over the long term (more than 5 years) when aiming to achieve the target excess return. It is not intended as the estimated tracking error level for the purpose of investment risk control.

Assets Under Management of RAFI® Products

Product Total : US\$ 7.77 Bil. (as at 30 June 2011)

- Nomura RAFI® Japan Strategy: **US\$ 5.0bn.** (Inception February 2006)
- Nomura RAFI® Global ex Japan Strategy : **US\$ 1.9bn.** (Inception December 2005)
- Nomura RAFI® Global All Country Strategy: **US\$ 674m** (Inception April 2008)
- Nomura RAFI® Emerging Markets Strategy: **US\$ 119m** (Inception March 2010)



Why Nomura RAFI®?

Advantages of Nomura

- Minority Shareholder of Research Affiliates®
- Assisted Research Affiliates® in the back testing of the RAFI® concept for International Markets.
(“Global Fundamental Indices”, Nomura Securities Financial & Economic Research Center, 3 November 2005, H.Tamura and Y. Shimizu)
- One of the earliest asset managers to start managing the RAFI® under the license agreement since July 2005
- Regular tele-conference calls with Research Affiliates research team to discuss about the RAFI®
- Dedicated and experienced Nomura RAFI Product Group specifically for Nomura RAFI® portfolio management

Advantages of Nomura RAFI®

- Active track record of managing the RAFI® concept since 2005
- Approximately \$7.77 bn in assets managed globally by pooled funds and separate accounts
- Adopted by public-sector investment institutions and major pension funds
- Complete in-house investment process: all information is closed
- Frequent Rebalance achieves a close implementation of RAFI® concept and also sustainability because it divides a turnover of 15-20% into several times and minimises market impact of annual rebalance
- Flexibility to adapt to any customised benchmarks as well as various conventional benchmarks

Nomura RAFI® Team

Why Nomura?

- Active track record in investing in RAFI® funds since 2005
- Minority Shareholder of Research Affiliates
- Assisted Research Affiliates in the back testing of the RAFI® concept for International Markets. (“Global Fundamental Indices”, Nomura Securities Financial & Economic Research Center, 3 November 2005, H.Tamura and Y. Shimizu)
- Weekly tele-conference calls with Research Affiliates research team to discuss about the RAFI® portfolios
- Dedicated Nomura RAFI® investment team specifically for its RAFI® portfolio management
- Established team with considerable investment experience:
 - ***Kunio Noguchi (Chief Portfolio Manager) – 23 years investment experience (5 years with Nomura RAFI® team)***
 - ***Keiko Yamauchi (Portfolio Manager) – 4 years investment experience (4 years with Nomura RAFI® team)***
 - ***Shuji Hidaka (Asst. Portfolio Manager) – 5 years investment experience (3 years with Nomura RAFI® team)***
 - ***Akihiro Kurachi (Portfolio Manager) – 8 years investment experience (3 years with Nomura RAFI® team)***
 - ***Hisafumi Yoneda (Asst. Portfolio Manager) – 2 years investment experience (1 year with Nomura RAFI® team)***

Source: Nomura Asset Management Co., Ltd. as at 30 June 2011

How do we construct the Nomura RAFI® portfolio?

Nomura RAFI® Strategy – Investment Team

Nomura RAFI Strategy Investment Structure

Research Affiliates

- Fundamental Index model development & improvement

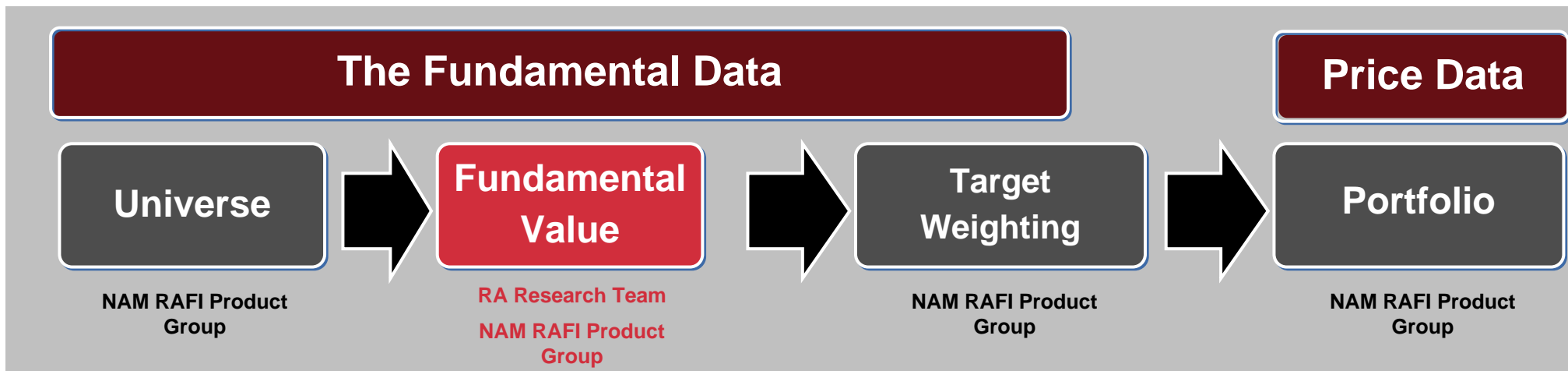
NAM RAFI Product Group, Quantitative Active Products Department

- Investment guideline
- Portfolio construction
- Risk management
- Investment monitoring
- Product support

NAM Trading Division

- Global equity execution

Investment Process



■ Universe

NAM's RAFI Product Group ("NAMRAP") determines the universe based on liquidity.

■ Fundamental Value

Following the advice from RA's Research Team, NAMRAP ranks the companies into the four metrics indices and derives the portfolio weighting for the composite index.

■ Target Weight

NAMRAP reviews the metrics and composite indices including ranking and weighting of stocks.

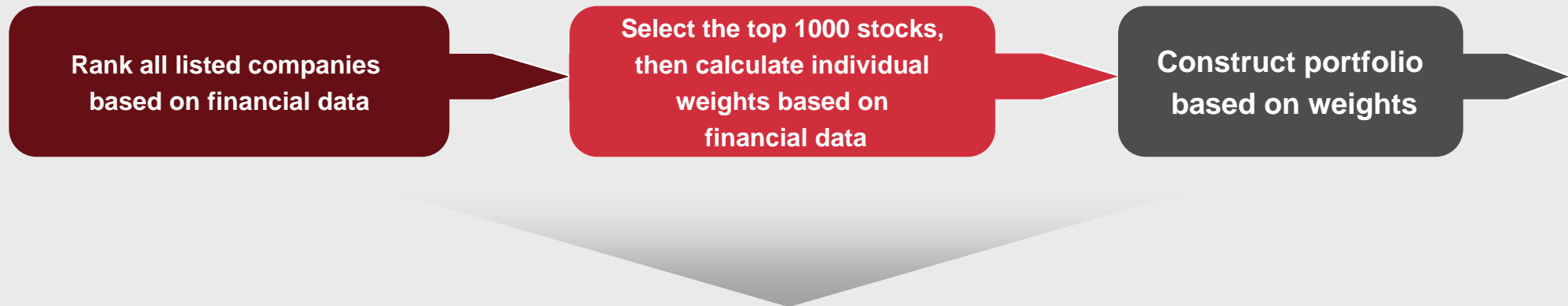
■ Portfolio

NAMRAP determines the final portfolio and engages in trading based on the target weightings and subscription size.

Verification of Fundamental Indexation's Efficiency (I)

Simulation Method: Fundamental information leads to individual stock weights

4 types of fundamental data (Book Value, Sales, Cash Flow, and Dividends)



Compose weighting using 4 types of fundamental data

	Book Value	Sales (Net Income)	Cash Flow	Dividends	Synthesis
Stock 1	4.5%	2.5%	3.0%	0.5%	$\left[\begin{matrix} 2.6\% \\ 1.5\% \\ \vdots \\ 3.9\% \end{matrix} \right]$
Stock 2	1.2%	1.5%	2.0%	1.2%	
:	:	:	:	:	
Stock X	3.5%	4.5%	3.0%	4.5%	
	100.0%	100.0%	100.0%	100.0%	100.0%

Capitalisation-weighted Index

Reference Index	
Stock 1	5.2%
Stock 2	3.4%
:	:
Stock X	1.1%
100.0%	

Verification of Fundamental Indexation's Efficiency (II)

Simulation Method: Fundamental information leads to individual stock weights

4 types of fundamental data (Book Value, Sales, Cash Flow, and Dividends)

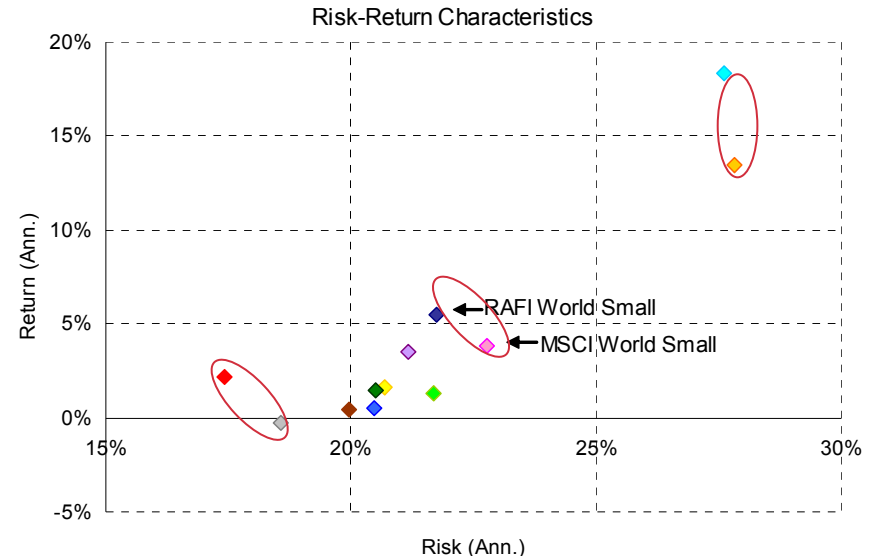
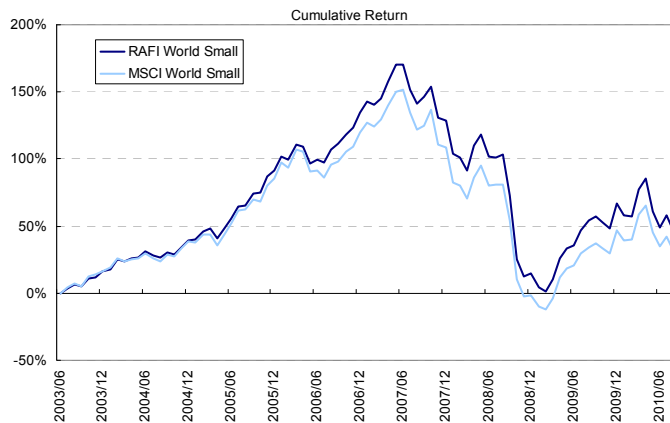


	RAFI Weight	5-Year Average Sales			5-Year Average Cash Flow		
		\$ Billion	Weight	Rank	\$ Billion	Weight	Rank
Exxon Mobil Corp	3.00%	\$ 342	3.51%	2	\$ 64	3.86%	1
General Electric Co	2.32%	\$ 156	1.60%	6	\$ 32	1.90%	4
Bank Of America Corp	2.21%	\$ 100	1.02%	8	\$ 33	1.99%	2
Wal-Mart Stores Inc	1.80%	\$ 346	3.55%	1	\$ 25	1.51%	10
Microsoft Corp	1.58%	\$ 51	0.52%	33	\$ 20	1.21%	12
Top 1000 Total		\$ 9,759			\$ 1,665		

	5-Year Average Dividend			Book Value		
	\$ Billion	Weight	Rank	\$ Billion	Weight	Rank
Exxon Mobil Corp	\$ 7	2.83%	6	\$ 113	2.27%	3
General Electric Co	\$ 11	4.04%	1	\$ 105	2.10%	5
Bank Of America Corp	\$ 9	3.39%	3	\$ 139	2.80%	1
Wal-Mart Stores Inc	\$ 3	1.13%	17	\$ 65	1.31%	11
Microsoft Corp	\$ 11	4.04%	2	\$ 40	0.79%	19
Top 1000 Total	\$ 264			\$ 4,983		

Ongoing research of Nomura RAFI®

- Expansion of new asset class: Global small cap, MENA.....



◆ RAFI World Small	◆ MSCI World Small	◆ RAFI World	◆ MSCI World
◆ RAFI AC	◆ MSCI AC	◆ RAFI XJ	◆ MSCI XJ
◆ RAFI JIP	◆ TOPIX	◆ RAFI EM	◆ MSCI EM

- New strategy: Long/Short strategy

- Enhancement of RAFI:

- basic RAFI strategy is based on current company size
- more focusing future growth potential and company quality

Nomura RAFI[®] Global All Country Equity Fund (Developed and Emerging Markets)

Why Nomura RAFI® Global All Country?

- The Nomura RAFI® Global AC is a better passive beta source as compared to FTSE All World or MSCI AC World.
- We believe that there is a definite need for exposure to both developed and emerging markets within a global passive portfolio since emerging markets now account for over 25% of the world's GDP.
- The biggest growth in GDP is coming from all the leading emerging markets (China, Russia, and India).
 - Debt as a percentage of GDP is much better in emerging markets.
- Total volatility of the Nomura RAFI® Global AC vs. MSCI AC World is almost identical (17.88% vs. 17.24%)
 - Exposure to developed markets and emerging markets are also very similar (RAFI® : 82.11% / 17.89% vs. MSCI: 86.45% / 13.55%)
- Expected out-performance of Nomura RAFI® Global AC vs. FTSE AW or MSCI AC World is 2% per annum.

Nomura RAFI® Global All Country Equity Fund Overview

Investment Objective

Benchmark
MSCI All Country World

Target Excess Return*
2.00% (annualised)

Assumed Tracking Error*
5.00% (annualised)

- Invests in stocks from developed and emerging countries, using the fundamental index techniques developed by Research Affiliates.
- Aims for investment returns above the benchmark for long term investing.

Portfolio Construction

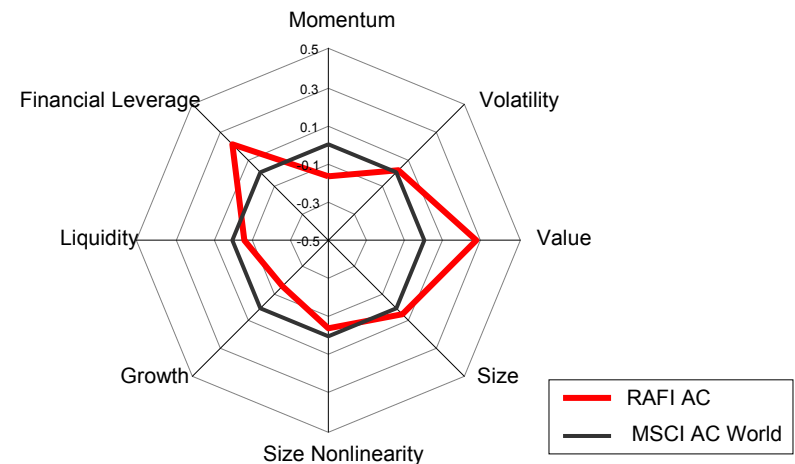
- Does not weight the portfolio using market capitalization which is based on forecasts/expectations for earnings at a future point in time it weights the portfolio based on companies' scale, using financial data.
- Avoids structural mismatches (O/W overvalued stocks, U/W undervalued stocks) which exist in capitalization weighted indexes.
- Does not follow irrational valuations (bubbles) in the market (relatively high exposure to value factors).
- Costs are low and performance exceeds benchmark.

Key Points

1. After selecting the top 1,500 stocks from the Fundamental Value* (approximately 3,500 stocks) provided by Research Affiliates, the weight of each stock is calculated and the portfolio is constructed.
2. Each share's weight is calculated separately using book value, cash flow, sales, and dividends, then an overall weight is found using the simple average of the four.
3. Turnover ratio is approximately 10-15% (annualised)
4. Consultation from Research Affiliates research team regarding response to corporate actions and investment process improvements, etc.

Portfolio Parameters

Risk Analysis using BARRA Model (Risk Index 30 June 2011)



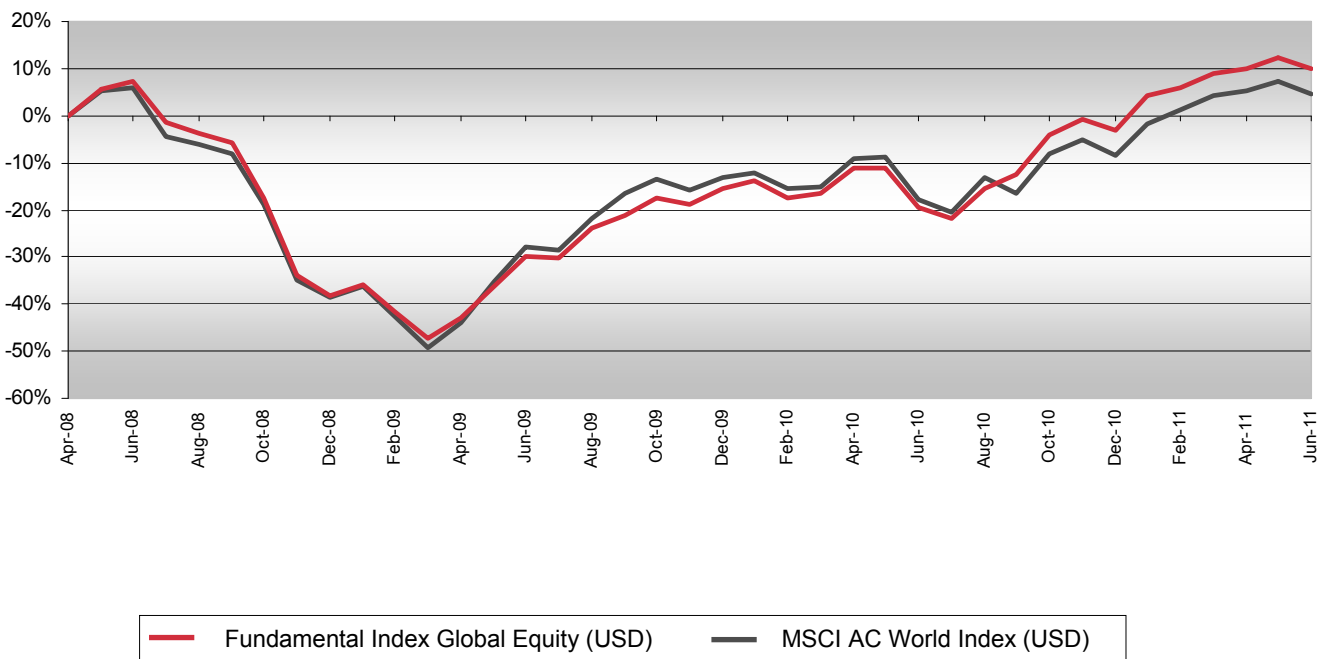
* Target excess return, assumed tracking error and turnover ratio are determined based on long-term back data (yen base) computed by Research Affiliates.

✦ In addition, assumed tracking error uses the standard deviation of excess returns after the fact.

Nomura RAFI® Global All Country Equity Fund – Performance

(Cumulative - in USD)

Fundamental Index AC Global Equity



Note: NAM Global composite data from April 2008.

Source: Nomura Asset Management Co., Ltd. as at 30 June 2011

Strategy has Consistently outperformed

Annualised

Period	Strategy	Index	Excess	TE	IR
1 Yr	3.54	3.13	0.41	0.60	0.69
2 Yrs	-1.12	-2.55	1.43	0.67	2.13
3 Yrs	-8.33	-11.94	3.60	1.59	2.27
4 Yrs	-11.92	-15.23	3.31	1.99	1.66
5 Yrs	-7.12	-10.19	3.07	1.91	1.60
6 Yrs	-1.40	-3.73	2.33	2.36	0.99
7 Yrs	-0.93	-3.19	2.26	2.26	1.00
8 Yrs	2.94	0.73	2.21	2.33	0.95
9 Yrs	1.91	-0.62	2.53	2.29	1.10
10 Yrs	-0.02	-2.81	2.80	2.31	1.21

Cumulative

Period	Strategy	Index	Excess
1 Yr	3.54	3.13	0.41
3 Yrs	-22.97	-31.70	8.73
5 Yrs	-30.89	-41.58	10.69

Calendar Years

Period	Strategy	Index	Excess	TE	IR
2010	2.24	0.97	1.28	0.80	1.60
2009	14.52	7.63	6.89	2.06	3.35
2008	-37.34	-40.61	3.28	2.46	1.33
2007	-9.74	-11.11	1.37	2.53	0.54
2006	7.62	3.02	4.60	2.39	1.92
2005	39.88	45.23	-5.35	2.67	-2.00
2004	14.57	11.34	3.23	2.54	1.27
2003	25.99	25.19	0.79	2.38	0.33
2002	-12.70	-17.50	4.80	1.74	2.76
2001	-10.09	-18.91	8.82	3.76	2.34
2000	-4.41	-24.96	20.55	11.09	1.85

Top 20 Holdings (All Country)

Rank	Company Name	Nomura RAFI®		Difference
		Global AC World	MSCI AC World	
1	Exxon Mobil Corp	1.10%	1.37%	-0.27%
2	Royal Dutch Shell PLC	0.98%	0.33%	0.65%
3	General Electric Co	0.86%	0.68%	0.18%
4	PetroChina Co Ltd	0.79%	0.10%	0.69%
5	BP PLC	0.79%	0.47%	0.32%
6	Wal-Mart Stores Inc	0.71%	0.35%	0.36%
7	AT&T Inc	0.70%	0.63%	0.07%
8	Bank of America Corp	0.70%	0.38%	0.32%
9	Chevron Corp	0.68%	0.70%	-0.03%
10	Gazprom OAO	0.67%	0.00%	0.67%
11	Total SA	0.66%	0.42%	0.24%
12	Petroleo Brasileiro SA	0.66%	0.22%	0.44%
13	Toyota Motor Corp	0.64%	0.38%	0.25%
14	Vodafone Group PLC	0.56%	0.47%	0.10%
15	Citigroup Inc	0.56%	0.41%	0.15%
16	ENI SpA	0.55%	0.19%	0.35%
17	Berkshire Hathaway Inc	0.54%	0.00%	0.54%
18	JPMorgan Chase & Co	0.54%	0.55%	-0.02%
19	HSBC Holdings PLC	0.52%	0.60%	-0.07%
20	Verizon Communications Inc	0.52%	0.35%	0.17%

Source: Nomura Asset Management Co., Ltd. as at 30 June 2011

Nomura RAFI® Global AC versus MSCI AC World Sector Breakdown

GICS Industry Group	Nomura RAFI AC	MSCI AC World	Difference
Financials	24.26%	20.25%	4.01%
Energy	14.11%	11.80%	2.32%
Industrials	10.28%	10.93%	-0.65%
Consumer Discretionary	10.15%	10.17%	-0.02%
Telecommunication Services	8.27%	4.60%	3.67%
Consumer Staples	7.42%	9.47%	-2.05%
Materials	7.02%	9.09%	-2.07%
Utilities	6.45%	3.78%	2.67%
Information Technology	6.32%	11.28%	-4.97%
Health Care	5.72%	8.62%	-2.90%

Source: Nomura Asset Management Co., Ltd. as at 30 June 2011

Nomura RAFI® Global AC versus MSCI AC World Country Breakdown

	Nomura RAFI AC	MSCI AC World	Difference		Nomura RAFI AC	MSCI AC World	Difference
Developed Market	82.11%	86.45%	-4.34%	Emerging Market	17.89%	13.55%	4.34%
United States	31.64%	42.76%	-11.12%	China	4.86%	2.35%	2.51%
Japan	10.22%	7.83%	2.39%	Brazil	2.70%	2.10%	0.59%
United Kingdom	7.66%	8.31%	-0.65%	Korea	2.40%	2.00%	0.40%
France	7.03%	4.09%	2.94%	Russia	1.98%	0.92%	1.06%
Germany	5.09%	3.53%	1.56%	Taiwan	1.15%	1.51%	-0.36%
Canada	2.99%	4.60%	-1.61%	India	1.01%	1.00%	0.02%
Italy	2.90%	1.08%	1.82%	Mexico	0.63%	0.60%	0.04%
Spain	2.54%	1.41%	1.13%	South Africa	0.62%	0.99%	-0.37%
Australia	2.17%	3.37%	-1.20%	Turkey	0.45%	0.19%	0.26%
Switzerland	2.17%	3.26%	-1.09%	Malaysia	0.34%	0.43%	-0.08%
Hong Kong	1.19%	1.06%	0.12%	Thailand	0.33%	0.23%	0.10%
Sweden	1.15%	1.22%	-0.08%	Poland	0.32%	0.23%	0.09%
Netherlands	1.12%	0.98%	0.14%	Chile	0.24%	0.23%	0.01%
Belgium	0.81%	0.37%	0.44%	Colombia	0.20%	0.11%	0.08%
Norway	0.65%	0.36%	0.30%	Indonesia	0.16%	0.35%	-0.19%
Finland	0.60%	0.38%	0.22%	Egypt	0.14%	0.05%	0.09%
Singapore	0.55%	0.67%	-0.12%	Czech Republic	0.12%	0.05%	0.07%
Denmark	0.42%	0.41%	0.01%	Hungary	0.11%	0.06%	0.05%
Austria	0.32%	0.13%	0.18%	Peru	0.07%	0.06%	0.01%
Portugal	0.26%	0.10%	0.16%	Philippines	0.04%	0.08%	-0.03%
Israel	0.25%	0.28%	-0.03%	Morocco	0.04%	0.02%	0.02%
Greece	0.25%	0.09%	0.16%				
Ireland	0.09%	0.10%	-0.01%				
New Zealand	0.03%	0.05%	-0.02%				

Source: Nomura Asset Management Co., Ltd. as at 30 June 2011

Nomura RAFI[®] Emerging Markets Strategy

Nomura RAFI[®] Emerging Markets Overview

Investment Objective

Benchmark

MSCI Emerging Markets

Target Excess Return*

4.00% (annualised)

Assumed Tracking Error*

6.00% (annualised)

- Invests in stocks from Emerging Countries, using the fundamental index techniques developed by Research Affiliates.
- Aims for investment returns above the benchmark for long term investing.

Portfolio Construction

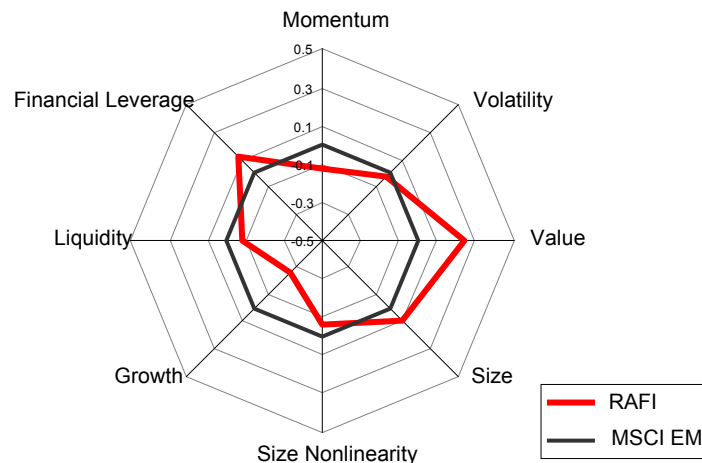
- Does not weight the portfolio using market capitalization which is based on forecasts/expectations for earnings at a future point in time it weights the portfolio based on companies' scale, using financial data.
- Avoids structural mismatches (O/W overvalued stocks, U/W undervalued stocks) which exist in capitalization weighted indexes.
- Does not follow irrational valuations (bubbles) in the market (relatively high exposure to value factors).
- Costs are low and performance exceeds benchmark.

Key Points

1. After selecting the top 500 stocks based on the Fundamental Weight*, the weight of each stock is recalculated proportionately and the portfolio is constructed.
2. Each share's weight is calculated separately using book value, cash flow, sales, and dividends, then an overall weight is found using the simple average of the four.
3. Turnover ratio is approximately 20% (annualised)
4. Consultation from Research Affiliates research team regarding response to corporate actions and investment process improvements, etc.

Portfolio Parameters

Risk Analysis using BARRA Model (Risk Index 30 June 2011)



* Target excess return, assumed tracking error and turnover ratio are determined based on long-term back data (yen base) computed by Research Affiliates.

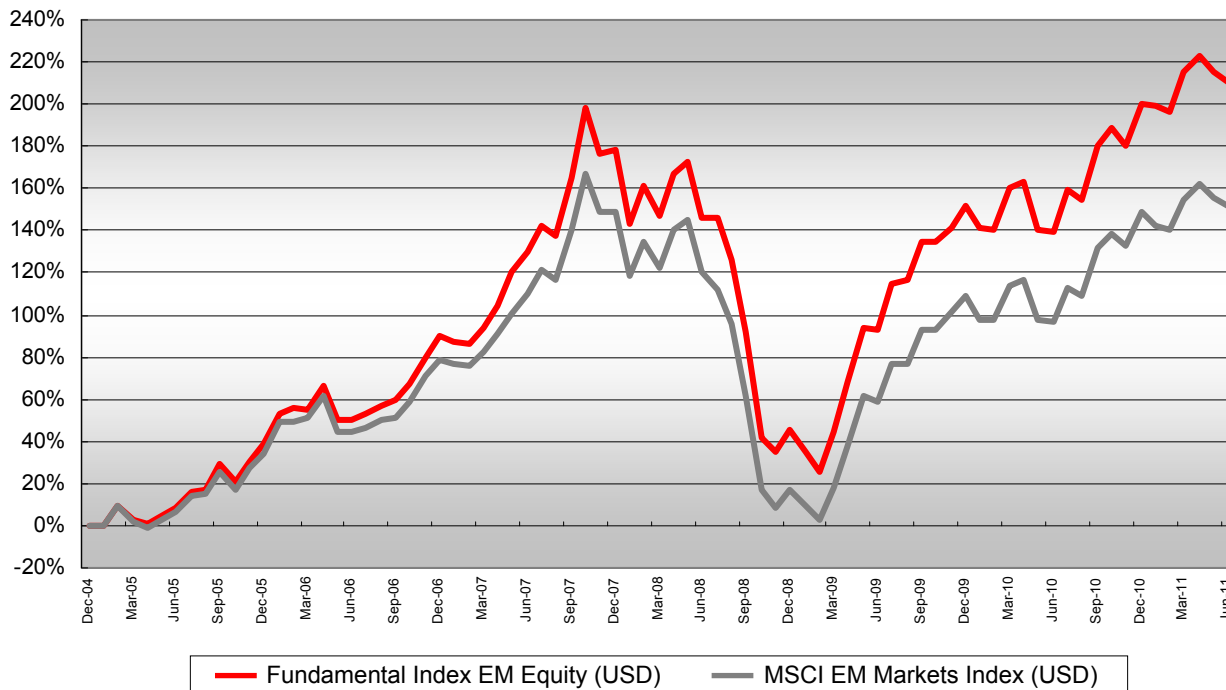
➤ In addition, assumed tracking error uses the standard deviation of excess returns after the fact.

Nomura RAFI® EM Fund - Performance

(Cumulative - in USD)

Strategy has Consistently outperformed

Fundamental Index EM Equity



Note: GIPS composite performance since April 2010. Simulation performance from January 2001 to March 2010.

Source: Nomura Asset Management Co., Ltd. as at 30 June 2011

Annualised

Period	Strategy	Index	Excess	TE	IR
1 Yr	29.86	28.18	1.68	2.73	0.62
2 Yrs	26.90	25.81	1.09	2.60	0.42
3 Yrs	8.11	4.54	3.58	3.99	0.90
4 Yrs	7.81	4.63	3.18	3.53	0.90
5 Yrs	15.68	11.75	3.92	3.43	1.14
6 Yrs	19.21	15.46	3.75	3.30	1.14
7 Yrs	22.33	18.05	4.28	3.14	1.36
8 Yrs	24.70	19.88	4.81	3.55	1.36
9 Yrs	24.26	18.37	5.89	3.66	1.61
10 Yrs	21.74	16.54	5.20	3.65	1.42

Cumulative

Period	Strategy	Index	Excess
1 Yr	29.86	28.18	1.68
3 Yrs	26.37	14.24	12.13
5 Yrs	107.11	74.30	32.82

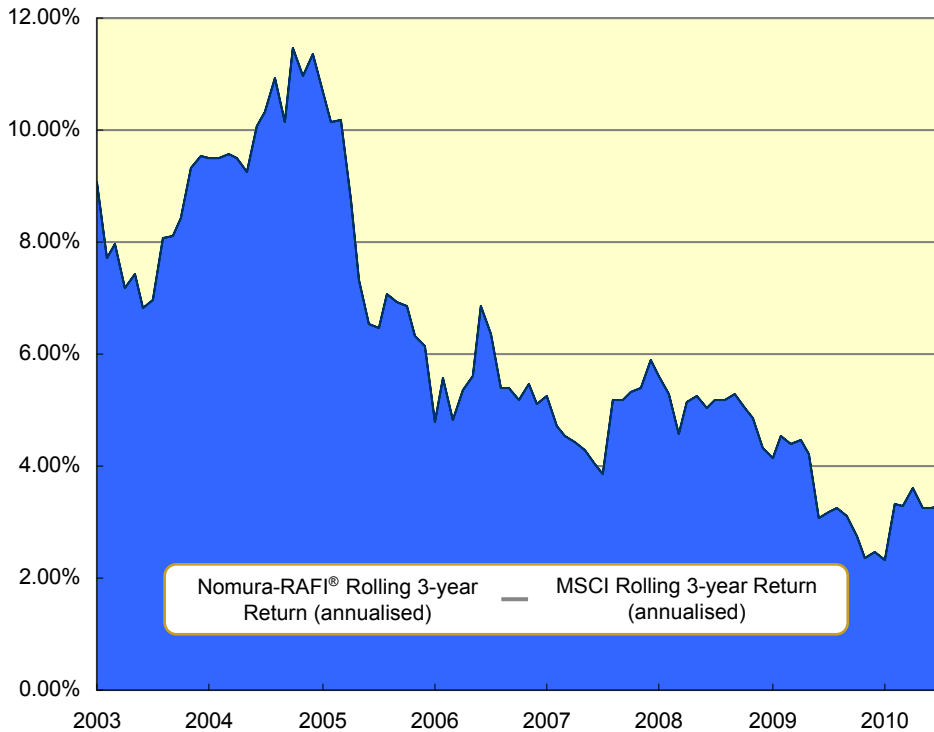
Calendar Years

Period	Strategy	Index	Excess	TE	IR
2010	19.09	19.21	-0.12	1.92	-0.06
2009	73.25	79.02	-5.77	3.19	-1.81
2008	-47.75	-53.18	5.43	4.80	1.13
2007	46.67	39.78	6.89	3.07	2.24
2006	36.49	32.59	3.91	2.78	1.41
2005	39.19	34.54	4.65	1.45	3.20
2004	31.22	25.95	5.27	3.41	1.55
2003	81.30	56.28	25.02	5.15	4.86
2002	-0.96	-6.00	5.04	3.51	1.44
2001	1.24	-2.37	3.61	4.10	0.88

Nomura RAFI[®] Emerging Markets vs. MSCI Emerging Markets

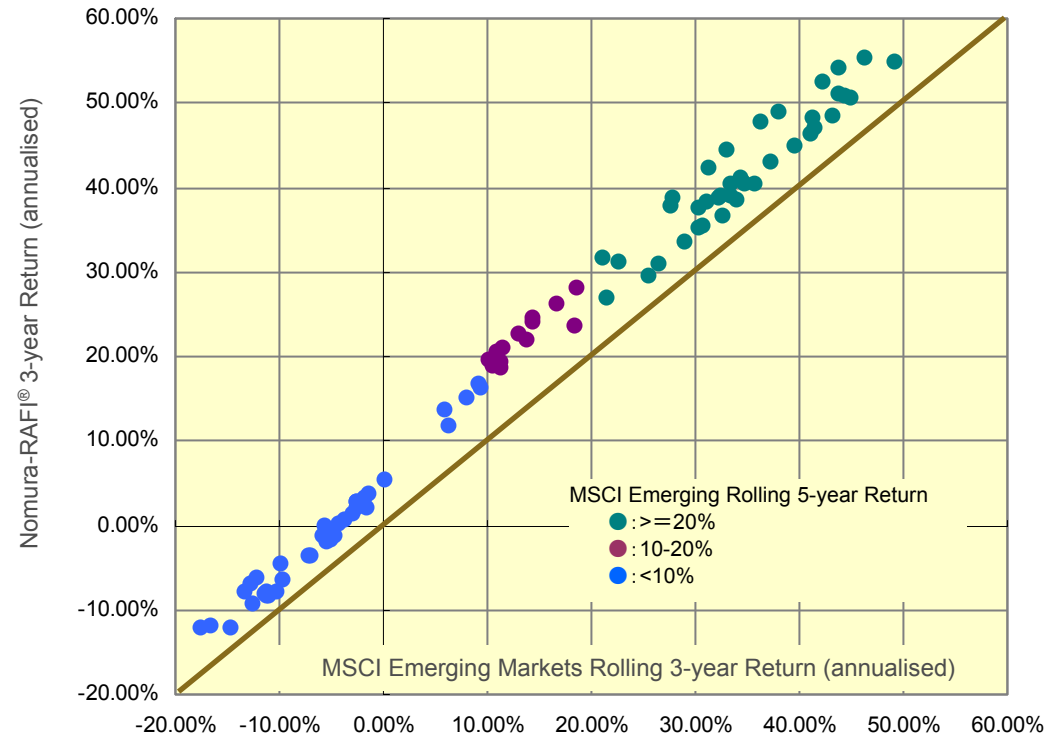
Rolling 3-year Excess Return

December 2003 – June 2011



Nomura-RAFI[®] vs. MSCI Emerging Markets

December 2003 – June 2011

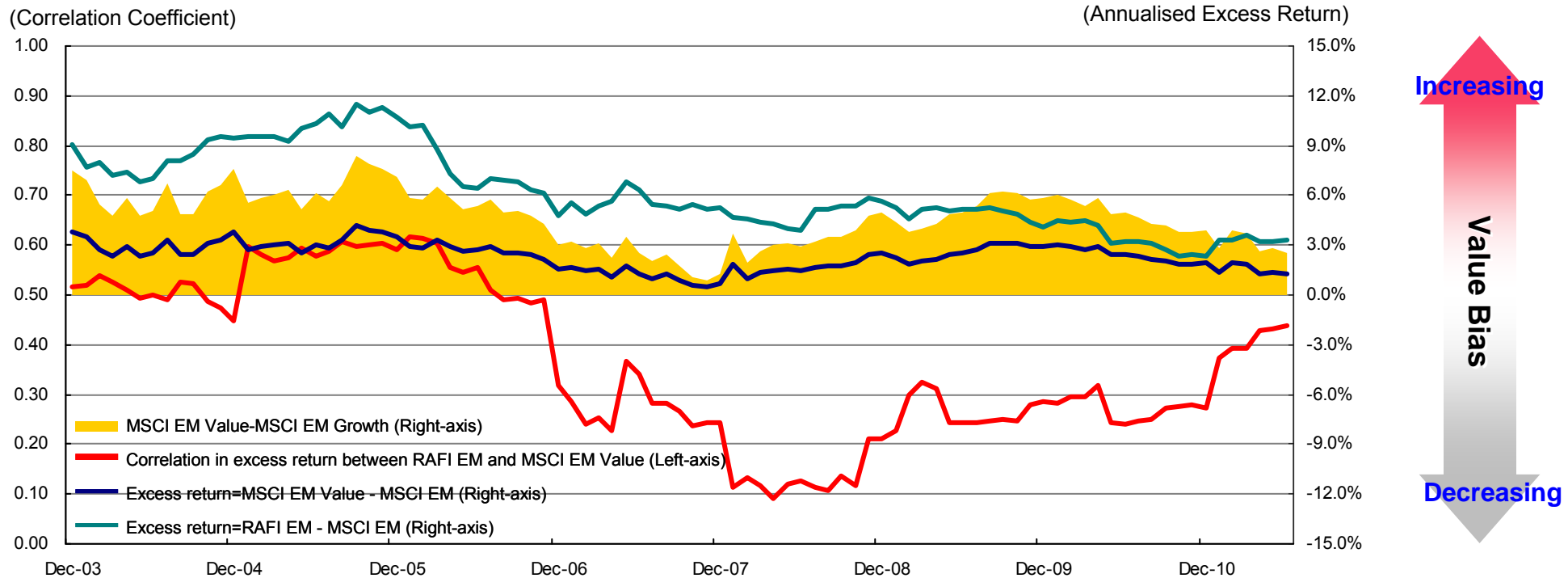


Note: Nomura RAFI[®] actual performance from Apr 2010. Simulated performance from Jan 2001 to Mar 2010.
 Past performance is no guarantee of future performance and is not indicative of any specific investment. Actual investment results may differ.
 Source: Nomura Securities Financial & Economic Research Center, Nomura Asset Management

RAFI® Exposure to Value is Dynamic

(Emerging Markets)

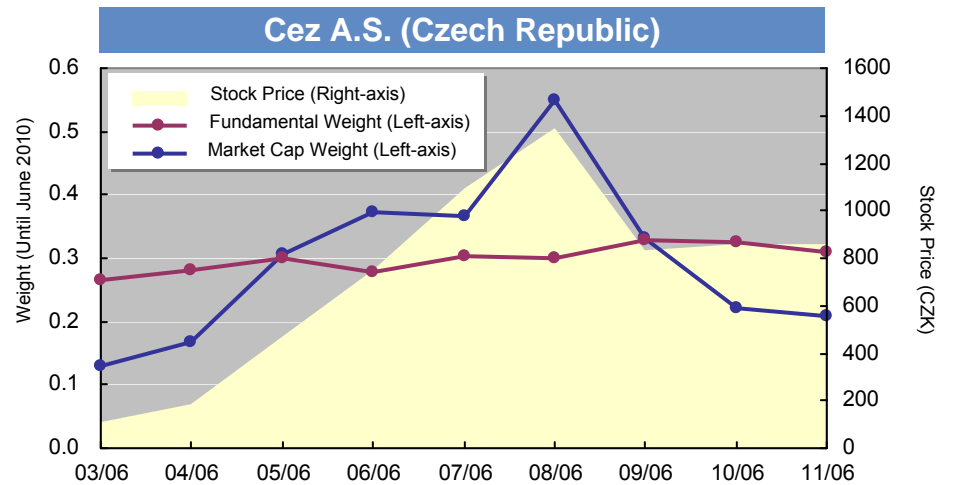
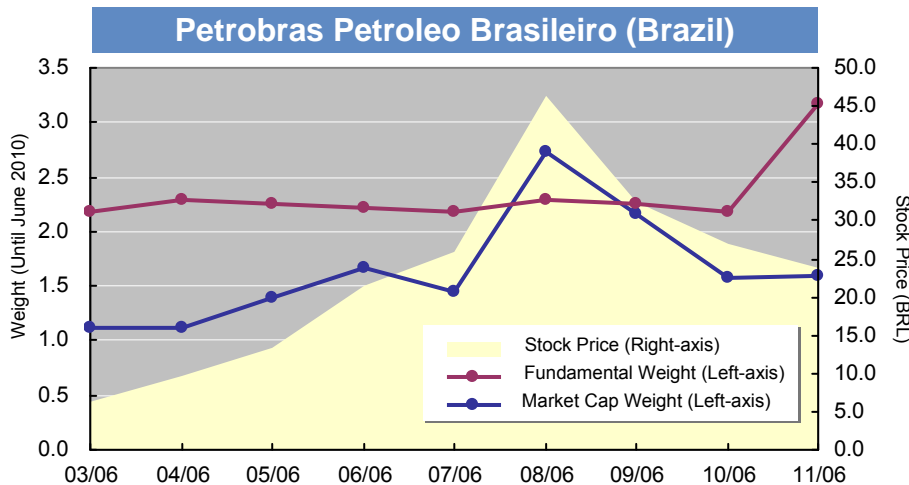
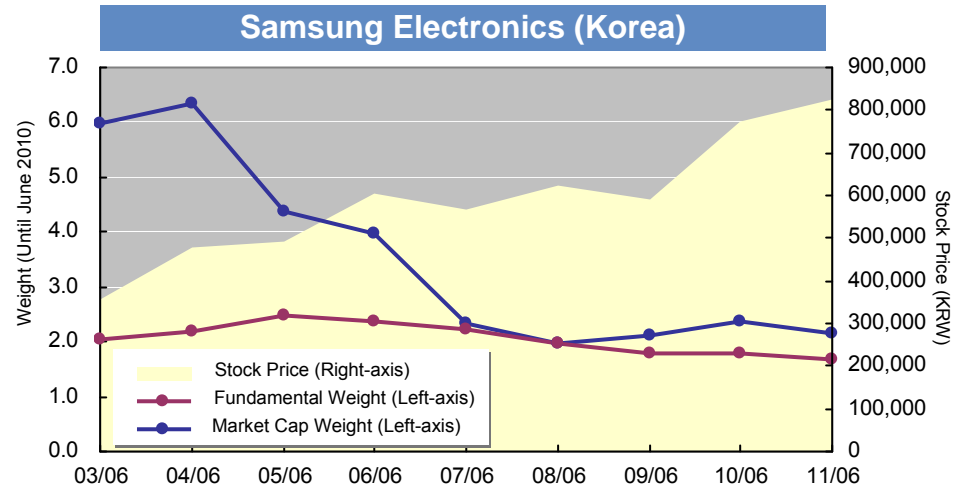
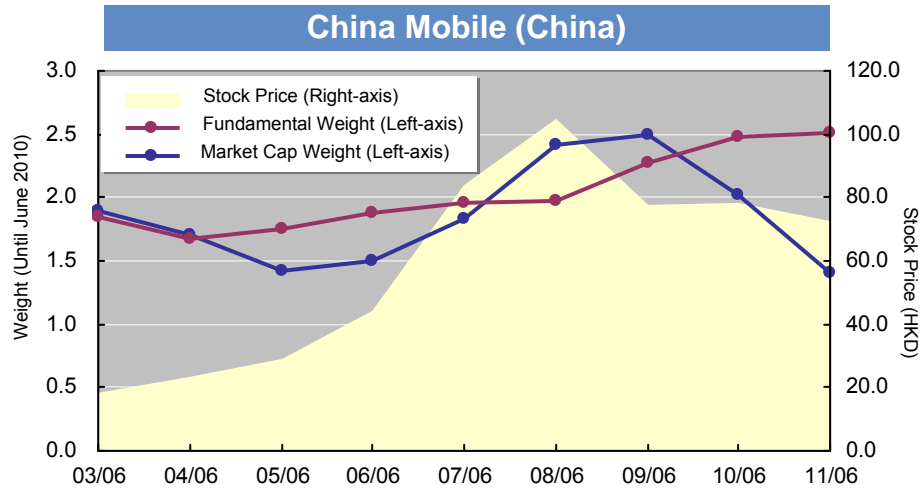
Correlation Coefficient against Value Index fluctuates dynamically (up to 30 June 2011)
 (Monthly performances are calculated on annualised 3-Year Rolling)



- Over the periods when Value index outperformed Gross index, the value bias of RAFI increased.
- Meanwhile, the value bias of RAFI decreased when Value index underperformed Gross index.

Source: Nomura Asset Management Co., Ltd Simulated performance Dec 1985 to Mar 2010; Actual performance from April 2010

Individual stock weight comparison (Emerging Markets)



----- MSCI Emerging Markets

----- Nomura RAFI Emerging Markets

Source: Nomura Asset Management Co., Ltd.

Nomura RAFI® Emerging Markets vs. MSCI Emerging Markets

Country Weights (as at 30 June 2011)

Country	Nomura RAFI® EM	MSCI EM	Difference
China	26.28%	17.34%	8.94%
Russia	9.83%	6.82%	3.01%
Turkey	2.50%	1.38%	1.12%
Egypt	0.85%	0.34%	0.51%
Czech Republic	0.64%	0.38%	0.27%
Colombia	1.10%	0.84%	0.26%
Hungary	0.53%	0.42%	0.11%
Morocco	0.26%	0.15%	0.11%
Poland	1.78%	1.70%	0.08%
Thailand	1.65%	1.68%	-0.02%
Peru	0.37%	0.47%	-0.10%
Chile	1.52%	1.70%	-0.18%
Philippines	0.33%	0.55%	-0.23%
Malaysia	2.25%	3.15%	-0.90%
India	6.37%	7.36%	-0.99%
Korea	13.74%	14.75%	-1.01%
Mexico	3.34%	4.40%	-1.06%
Brazil	14.15%	15.53%	-1.38%
Indonesia	1.13%	2.60%	-1.47%
South Africa	4.40%	7.30%	-2.90%
Taiwan	6.96%	11.13%	-4.16%

Sector Weights (as at 30 June 2011)

Sector	Nomura RAFI® EM	MSCI EM	Difference
Energy	24.03%	14.54%	9.49%
Telecommunication Services	12.35%	7.32%	5.03%
Utilities	5.54%	3.57%	1.97%
Industrials	8.35%	7.47%	0.88%
Health Care	0.03%	1.03%	-1.00%
Financials	23.63%	24.70%	-1.07%
Materials	11.87%	14.87%	-3.01%
Consumer Staples	3.54%	6.70%	-3.16%
Consumer Discretionary	3.66%	7.67%	-4.01%
Information Technology	7.00%	12.13%	-5.13%

Source: Nomura Asset Management Co., Ltd.

Nomura RAFI® Emerging

Top 20 Holdings (as at 30 June 2011)

Rank	Company Name	Nomura RAFI® Emerging	MSCI Emerging Markets	Difference
1	PETROCHINA CO 'H'CNY1	3.83%	0.77%	3.05%
2	PETROL BRASILEIROS PRF NPV	3.16%	1.60%	1.56%
3	GAZPROM RUB5(USD)	2.85%	0.00%	2.85%
4	CHINA MOBILE LTD HKD0.10	2.51%	1.40%	1.11%
5	IND & COM BK CHINA 'H'CNY1	2.34%	1.16%	1.18%
6	CHINA PETROLEUM & 'H'CNY1	2.14%	0.42%	1.72%
7	CHINA CONST BK 'H'CNY1	1.96%	1.00%	0.96%
8	SAMSUNG ELECTRONIC KRW5000	1.66%	2.15%	-0.49%
9	BANK OF CHINA (BJ) 'H'CNY1	1.53%	0.72%	0.82%
10	AGRICULTURAL BK CH 'H'CNY1	1.35%	0.22%	1.13%
11	VALE S.A. PRF'A'NPV	1.27%	1.44%	-0.17%
12	LUKOIL OIL COMPANY RUB0.025(USD)	1.22%	0.00%	1.22%
13	ROSNEFT OJSC RUB0.01(USD)	1.02%	0.00%	1.02%
14	CHINA TELECOM CORP 'H'CNY1	0.84%	0.23%	0.61%
15	BCO DO BRASIL SA COM NPV	0.83%	0.26%	0.58%
16	ITAUSA INV ITAU SA PRF NPV	0.80%	0.45%	0.36%
17	HYUNDAI MOTOR CO KRW5000	0.80%	0.86%	-0.06%
18	AMERICA MOVIL SAB COM SER 'L' NPV (L/VTG)	0.79%	1.32%	-0.53%
19	ECOPETROL SA COM COP250	0.79%	0.22%	0.57%
20	BCO BRADESCO SA PRF NPV	0.78%	0.97%	-0.19%

Source: Nomura Asset Management Co., Ltd.

Nomura RAFI® Japan Equity Strategy

Nomura RAFI[®] Japan Equity Fund Overview

Investment Objective

Benchmark

TOPIX

Target Excess Return*

2.00% (annualised)

Assumed Tracking Error*

5.00% (annualised)

- Invests in stocks from Japan, using the fundamental index techniques developed by Research Affiliates.
- Aims for investment returns above the benchmark for long term investing.

Portfolio Construction

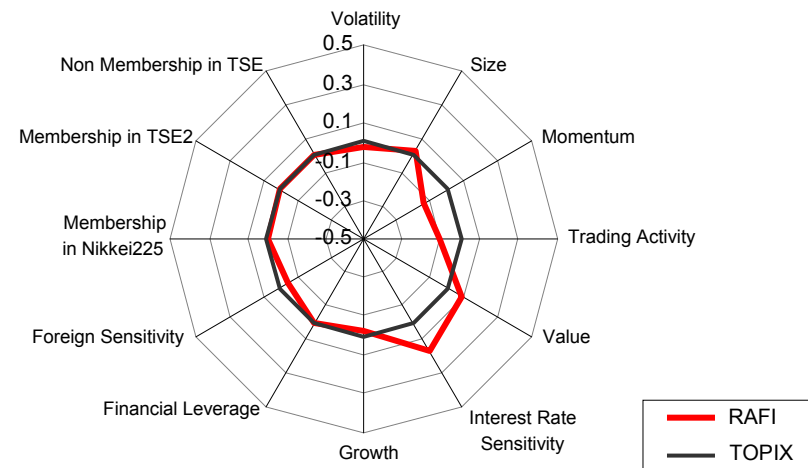
- Does not weight the portfolio using market capitalization which is based on forecasts/expectations for earnings at a future point in time it weights the portfolio based on companies' scale, using financial data.
- Avoids structural mismatches (O/W overvalued stocks, U/W undervalued stocks) which exist in capitalization weighted indexes.
- Does not follow irrational valuations (bubbles) in the market (relatively high exposure to value factors).
- Costs are low and performance exceeds benchmark.

Key Points

1. After selecting the top 1000 stocks from the Fundamental Value* (approximately 3,500 stocks) provided by Research Affiliates, the weight of each stock is calculated and the portfolio is constructed.
2. Each share's weight is calculated separately using book value, cash flow, sales, and dividends, then an overall weight is found using the simple average of the four.
3. Turnover ratio is approximately 10-15% (annualized)
4. Consultation from Research Affiliates research team regarding response to corporate actions and investment process improvements, etc.

Portfolio Parameters

Risk Analysis using BARRA Model (Risk Index 30 June 2011)



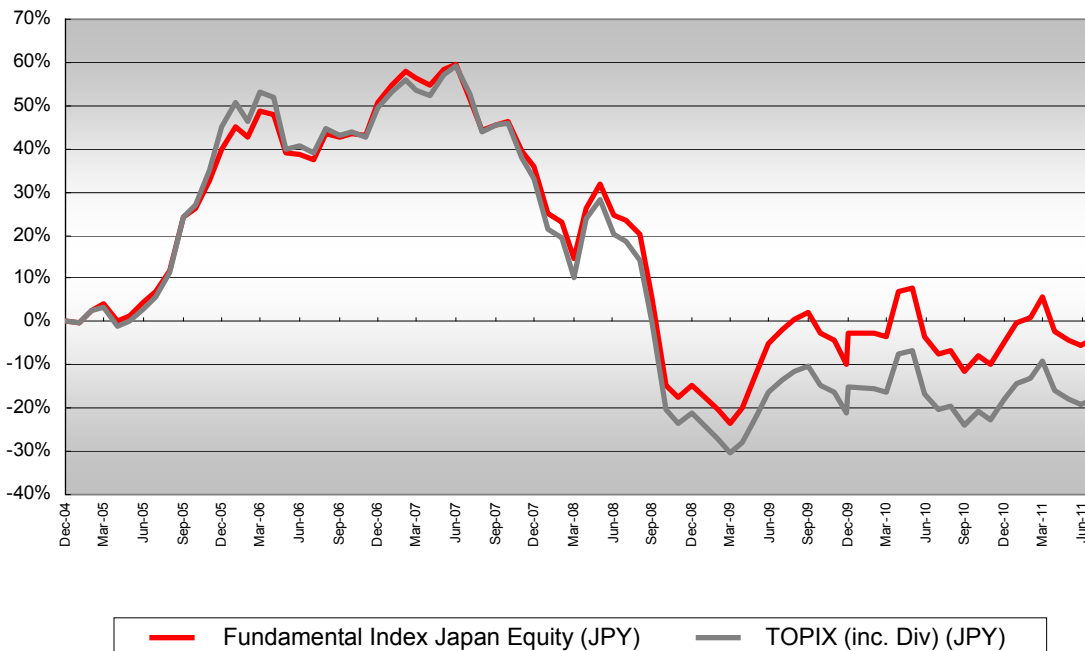
* Target excess return, assumed tracking error and turnover ratio are determined based on long-term back data (yen base) computed by Research Affiliates.

➤ In addition, assumed tracking error uses the standard deviation of excess returns after the fact.

Nomura RAFI® Japan Equity Fund – Performance

(Cumulative - in JPY)

Fundamental Index Japan Equity



Note: GIPS composite performance since March 2006. Simulation performance from 2001 to February 2006.

Source: Nomura Asset Management Co., Ltd. as at 30 June 2011

Strategy has Consistently outperformed

Annualised

Period	Strategy	Index	Excess	TE	IR
1 Yr	3.54	3.13	0.41	0.60	0.69
2 Yrs	-1.12	-2.55	1.43	0.67	2.13
3 Yrs	-8.33	-11.94	3.60	1.59	2.27
4 Yrs	-11.92	-15.23	3.31	1.99	1.66
5 Yrs	-7.12	-10.19	3.07	1.91	1.60
6 Yrs	-1.40	-3.73	2.33	2.36	0.99
7 Yrs	-0.93	-3.19	2.26	2.26	1.00
8 Yrs	2.94	0.73	2.21	2.33	0.95
9 Yrs	1.91	-0.62	2.53	2.29	1.10
10 Yrs	-0.02	-2.81	2.80	2.31	1.21

Cumulative

Period	Strategy	Index	Excess
1 Yr	3.54	3.13	0.41
3 Yrs	-22.97	-31.70	8.73
5 Yrs	-30.89	-41.58	10.69

Calendar Years

Period	Strategy	Index	Excess	TE	IR
2010	2.24	0.97	1.28	0.80	1.60
2009	14.52	7.63	6.89	2.06	3.35
2008	-37.34	-40.61	3.28	2.46	1.33
2007	-9.74	-11.11	1.37	2.53	0.54
2006	7.62	3.02	4.60	2.39	1.92
2005	39.88	45.23	-5.35	2.67	-2.00
2004	14.57	11.34	3.23	2.54	1.27
2003	25.99	25.19	0.79	2.38	0.33
2002	-12.70	-17.50	4.80	1.74	2.76
2001	-10.09	-18.91	8.82	3.76	2.34
2000	-4.41	-24.96	20.55	11.09	1.85

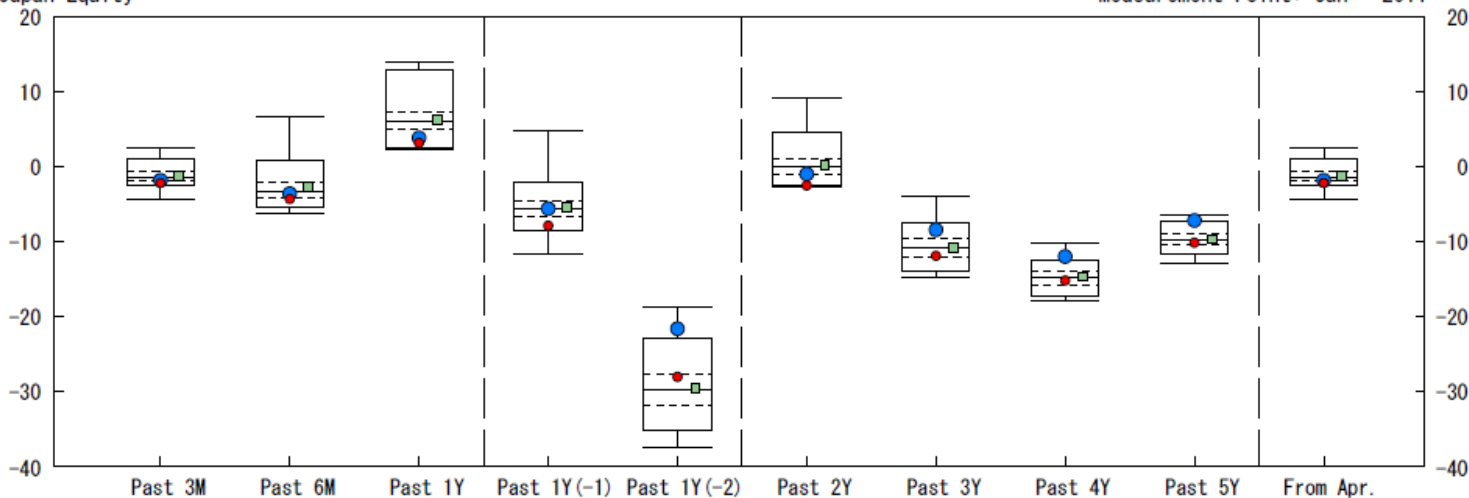
Nomura RAFI® Japan Fund ranked #1 in performance since inception

Firm : Nomura Asset Management
 Fund : Nomura RAFI Japan Equity Fund
 Asset : Japan Equity

As of Jly. 21, 2011

Accumulated Return

Measurement Point: Jun - 2011



	Past 3M	Past 6M	Past 1Y	Past 1Y(-1)	Past 1Y(-2)	Past 2Y	Past 3Y	Past 4Y	Past 5Y	From Apr.
_0 percentile	2.35	6.59	13.90	4.64	-18.85	9.17	-4.03	-10.25	-6.50	2.35
_5 percentile	1.02	0.83	12.78	-2.13	-22.94	4.60	-7.61	-12.51	-7.43	1.02
_25 percentile	-0.69	-2.16	7.13	-4.55	-27.69	0.95	-9.61	-13.96	-8.93	-0.69
_50 percentile	-1.48	-3.41	6.00	-5.74	-29.83	0.01	-10.96	-14.72	-9.75	-1.48
_75 percentile	-1.87	-4.14	4.86	-6.81	-31.87	-1.14	-12.22	-15.76	-10.52	-1.87
_95 percentile	-2.66	-5.39	2.40	-8.63	-35.25	-2.45	-13.99	-17.29	-11.79	-2.66
100 percentile	-4.34	-6.30	2.20	-11.74	-37.54	-2.78	-14.81	-17.97	-12.95	-4.34
Average (W)										
Average	-1.28	-2.84	6.17	-5.51	-29.60	0.21	-10.83	-14.75	-9.75	-1.28
Benchmark	-2.22	-4.36	3.12	-7.93	-28.09	-2.56	-11.94	-15.23	-10.20	-2.22
Your Fund	-1.87	-3.65	3.78	-5.65	-21.67	-1.05	-8.46	-12.05	-7.23	-1.87
Rank/Funds	53/70	43/69	58/69	38/79	3/87	45/63	9/59	2/57	3/55	53/70

= Conditions of Setting Universe =

【Univ】 Funds for Domestic Pension, & Composites, & The Others.

【Trustee】 Employees' Pension Fund, Tax-qualified Pension Plan, Non-tax-qualified Pension Plan, Mutual A

【Benchmark】 TOPIX(with Div.)

= Legend =

Your Fund

● Included in Univ.

○ Not-included in Univ.

Benchmark

● TOPIX(with Div.)

Average of Universe

■ M-Value Weighted

□ Arithmetic

※ Return: Modified Dietz method (any method for Composites)

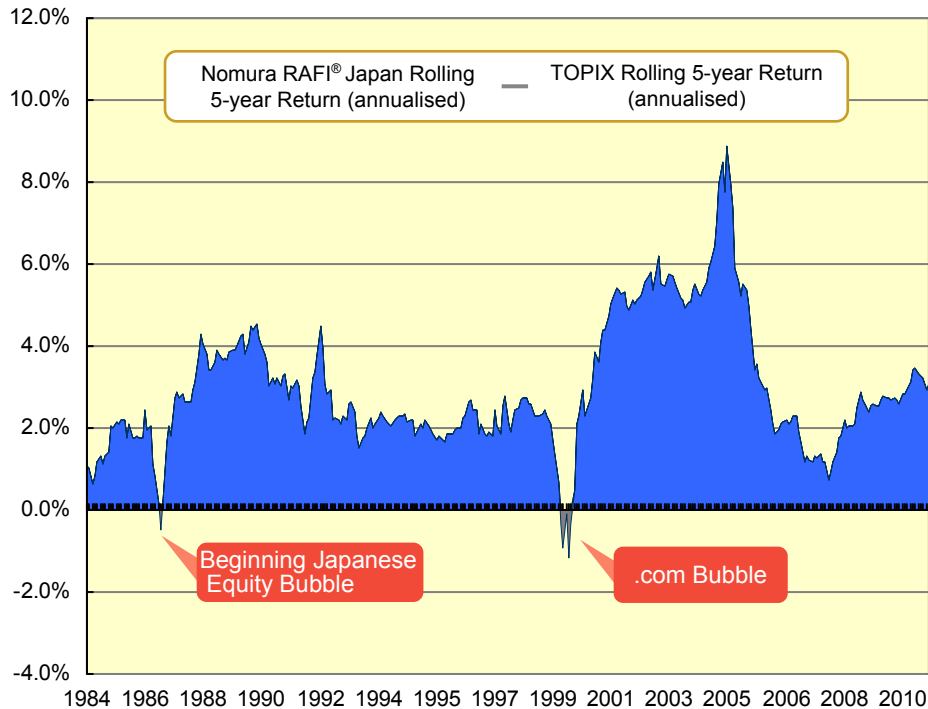
(C) Rating and Investment Information, Inc.



Nomura RAFI[®] Japan vs. TOPIX

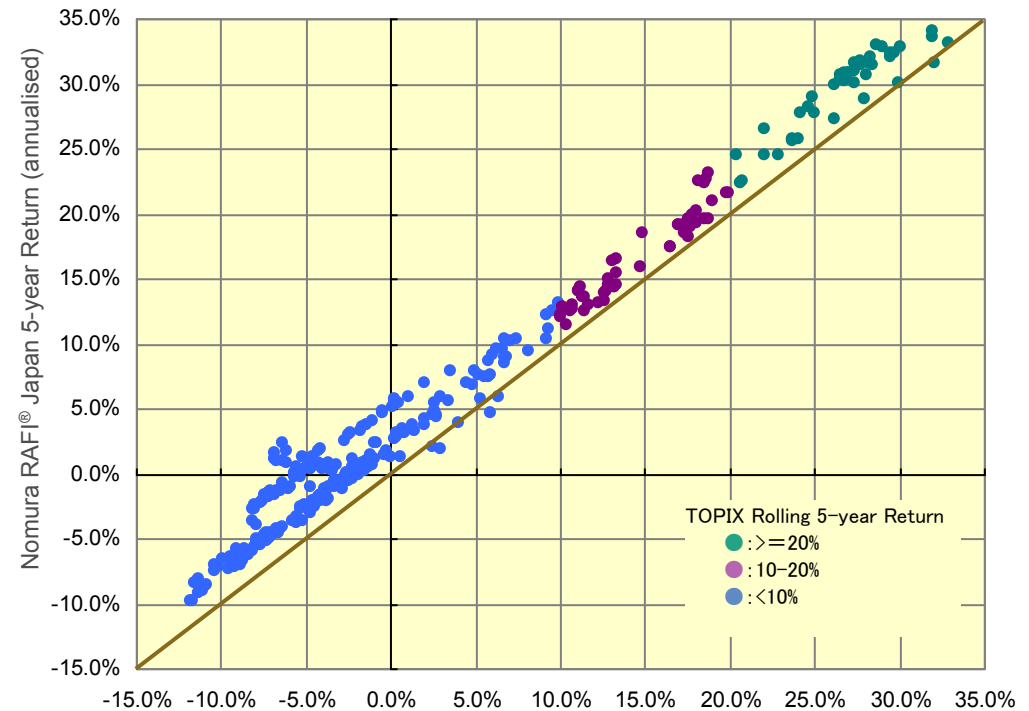
Rolling 5-year Excess Return

December 1984 – June 2011



Nomura RAFI[®] Japan vs. TOPIX

December 1984 – June 2011

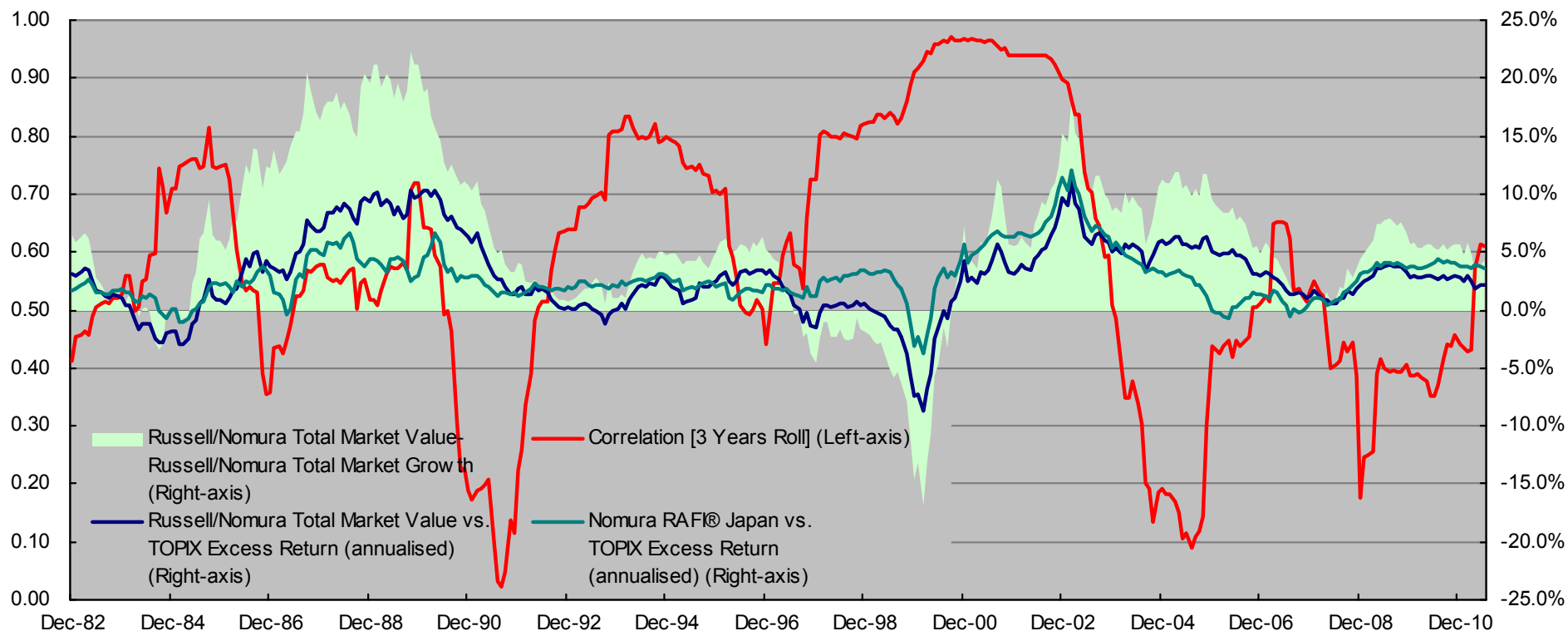


Note: Nomura RAFI[®] Japan Strategy's actual performance from March 2006. Simulated performance from December 1984 to February 2006. Past performance is no guarantee of future performance and is not indicative of any specific investment. Actual investment results may differ. Source: Nomura Securities Financial & Economic Research Center, Nomura Asset Management

RAFI® Exposure to Value is Dynamic

(Japan Market)

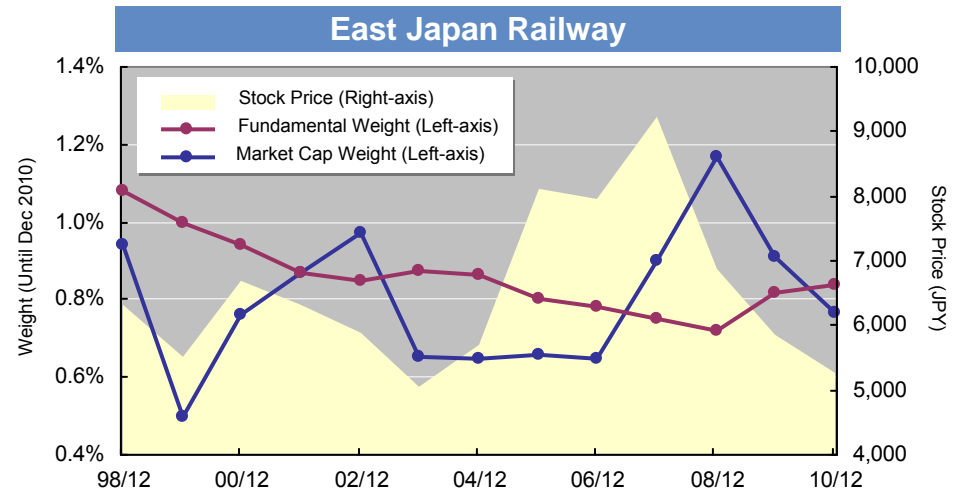
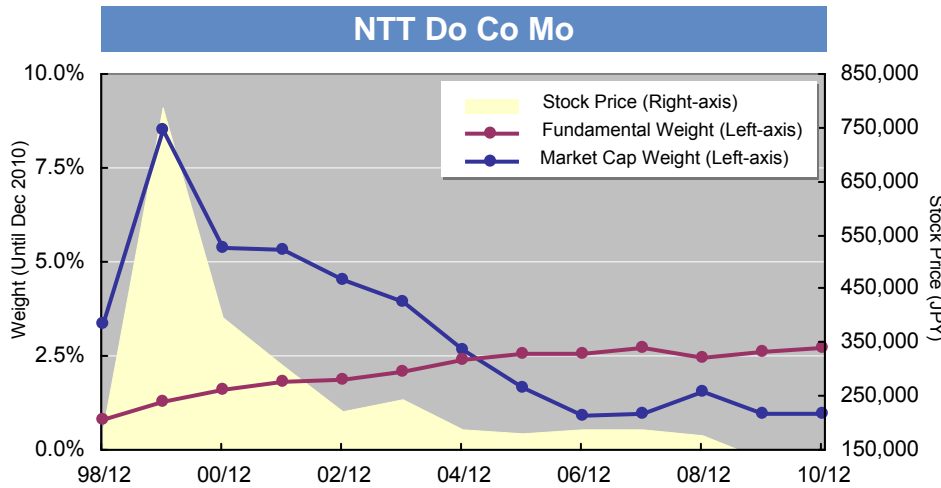
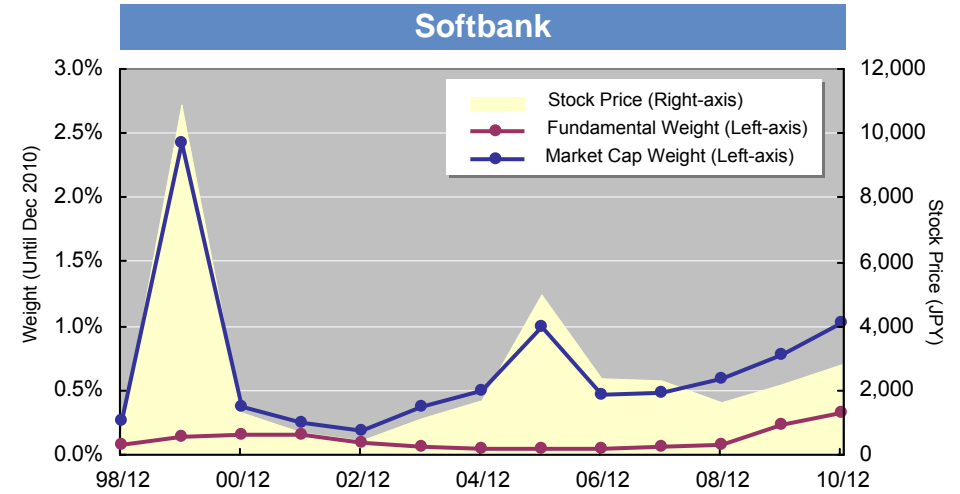
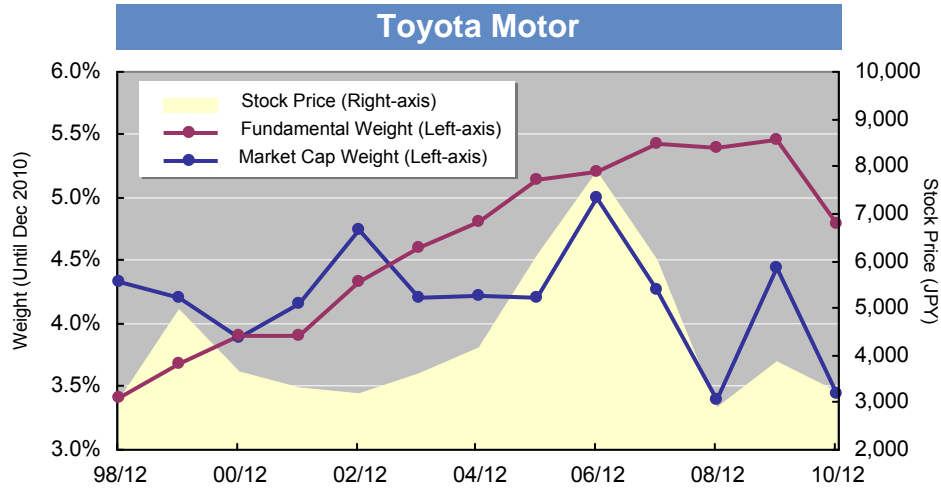
Correlation Coefficient against Value Index fluctuates dynamically (up to 30 June 2011)



The graph shows the outperformance of Growth and Value stocks with the correlation of excess returns between RAFI® and Russell/ Nomura against TOPIX.

Source: Nomura Asset Management Co., Ltd Simulated Track Record Dec 1985 to Feb 2006; Actual Track Record from Mar 2006

RAFI® Japan vs. TOPIX individual stock weight comparison



----- TOPIX ----- Nomura RAFI Japan

Source: Nomura Asset Management Co., Ltd.

Top 20 Nomura RAFI® Japan Holdings

Rank	Company Name	Nomura RAFI Japan	TOPIX	Difference
1	TOYOTA MOTOR CORPORATION	4.94%	3.71%	1.23%
2	NIPPON TELEGRAPH AND TELEPHONE CORP	3.47%	1.25%	2.21%
3	NTT DOCOMO, INC.	2.55%	1.02%	1.53%
4	MITSUBISHI UFJ FINANCIAL GROUP, INC.	2.55%	2.55%	0.00%
5	HONDA MOTOR CO., LTD.	2.06%	2.28%	-0.22%
6	SUMITOMO MITSUI FINANCIAL GROUP, INC.	1.66%	1.62%	0.03%
7	CANON INC.	1.61%	2.07%	-0.46%
8	NISSAN MOTOR CO., LTD.	1.60%	0.93%	0.67%
9	MITSUBISHI CORPORATION	1.29%	1.35%	-0.05%
10	TAKEDA PHARMACEUTICAL COMPANY LIMITED	1.29%	1.27%	0.01%
11	MIZUHO FINANCIAL GROUP, INC.	1.24%	1.41%	-0.17%
12	KDDI CORPORATION	1.03%	0.77%	0.26%
13	MITSUI & CO., LTD.	1.00%	1.03%	-0.03%
14	NIPPON STEEL CORPORATION	0.97%	0.62%	0.35%
15	NINTENDO CO., LTD.	0.92%	0.75%	0.16%
16	JFE HOLDINGS, INC.	0.86%	0.48%	0.38%
17	THE KANSAI ELECTRIC POWER COMPANY INC.	0.84%	0.57%	0.27%
18	SONY CORPORATION	0.84%	1.04%	-0.20%
19	EAST JAPAN RAILWAY COMPANY	0.84%	0.70%	0.14%
20	PANASONIC CORPORATION	0.80%	1.00%	-0.19%

Source: Nomura Asset Management Co., Ltd. as at 30 June 2011

Nomura RAFI[®] Japan vs. TOPIX Industry Comparison

Industry	Nomura RAFI Japan	TOPIX	Difference
3700 Transportation Equipment	12.36%	10.49%	1.88%
3650 Electric Appliances	10.55%	14.67%	-4.11%
7050 Banks	10.31%	9.12%	1.20%
5250 Information & Communication	9.62%	5.98%	3.64%
6050 Wholesale Trade	5.86%	5.34%	0.51%
3200 Chemicals	5.29%	6.09%	-0.80%
4050 Electric Power & Gas	4.34%	3.23%	1.11%
3250 Pharmaceutical	4.28%	4.68%	-0.40%
3600 Machinery	3.78%	5.43%	-1.65%
6100 Retail Trade	3.75%	3.77%	-0.02%
3450 Iron & Steel	3.43%	2.25%	1.18%
5050 Land Transportation	3.39%	3.41%	-0.02%
3050 Foods	2.85%	3.12%	-0.27%
3800 Other Products	1.99%	1.75%	0.24%
7200 Other Financing Business	1.99%	0.77%	1.22%
2050 Construction	1.88%	2.23%	-0.34%
7150 Insurance	1.63%	2.54%	-0.91%
8050 Real Estate	1.49%	2.33%	-0.84%
9050 Services	1.33%	1.73%	-0.40%
3500 Nonferrous Metals	1.22%	1.39%	-0.17%
7100 Securities & Commodity Futures	1.02%	1.31%	-0.28%
3400 Glass & Ceramics Products	1.02%	1.34%	-0.32%
3300 Oil & Coal Products	1.01%	0.92%	0.09%
3750 Precision Instruments	0.95%	1.50%	-0.55%
5100 Marine Transportation	0.95%	0.52%	0.43%
3350 Rubber Products	0.70%	0.72%	-0.02%
1050 Mining	0.69%	0.68%	0.01%
3100 Textiles & Apparels	0.66%	0.95%	-0.30%
3550 Metal Products	0.64%	0.75%	-0.11%
3150 Pulp & Paper	0.56%	0.37%	0.19%
5200 Warehousing & Harbor Transportation Services	0.23%	0.23%	0.00%
5150 Air Transportation	0.13%	0.31%	-0.18%
0050 Fishery, Agriculture & Forestry	0.08%	0.10%	-0.01%

Source: Nomura Asset Management Co., Ltd. as at 30 June 2011

NAM RAFI® Historical Sector Positions

TOPIX Sector

NAM RAFI Over/Underweight relative to TOPIX

	Dec-06	Dec-07	Dec-08	Dec-09	Dec-10	Mar-11	Jun-11
Fishery, Agriculture & Forestry	-0.03%	-0.01%	-0.01%	-0.02%	-0.02%	-0.02%	-0.01%
Mining	0.15%	0.29%	0.27%	0.26%	0.21%	0.04%	0.01%
Construction	-0.21%	0.13%	0.01%	-0.18%	-0.17%	-0.33%	-0.34%
Foods	0.15%	-0.20%	-0.62%	-0.62%	-0.30%	-0.21%	-0.27%
Textiles & Apparels	-0.12%	-0.09%	-0.04%	-0.12%	-0.24%	-0.31%	-0.30%
Pulp & Paper	0.25%	0.23%	0.11%	0.12%	0.15%	0.18%	0.19%
Chemicals	-0.02%	-0.62%	-0.44%	-0.27%	-0.56%	-0.71%	-0.80%
Pharmaceutical	-0.72%	-0.67%	-1.60%	-0.59%	-0.22%	-0.20%	-0.40%
Oil & Coal Products	0.36%	0.23%	0.40%	0.50%	0.23%	0.08%	0.09%
Rubber Products	0.28%	0.22%	0.15%	0.13%	0.09%	0.03%	-0.02%
Glass & Ceramics Products	-0.05%	-0.22%	0.10%	-0.15%	-0.22%	-0.34%	-0.32%
Iron & Steel	-0.27%	-0.12%	0.81%	1.15%	1.05%	1.08%	1.18%
Nonferrous Metals	-0.40%	-0.30%	-0.03%	-0.08%	-0.12%	-0.17%	-0.17%
Metal Products	0.10%	0.12%	0.13%	0.02%	-0.06%	-0.08%	-0.11%
Machinery	-0.70%	-1.17%	-0.76%	-0.91%	-1.14%	-1.51%	-1.65%
Electric Appliances	-2.22%	-2.64%	-0.36%	-3.05%	-4.51%	-4.10%	-4.11%
Transportation Equipment	3.34%	3.77%	5.51%	2.88%	2.18%	2.25%	1.88%
Precision Instruments	-0.55%	-0.69%	-0.36%	-0.64%	-0.52%	-0.48%	-0.55%
Other Products	0.04%	-1.20%	-0.95%	-0.17%	-0.04%	0.03%	0.24%
Electric Power & Gas	3.73%	2.83%	-1.36%	0.50%	0.40%	0.61%	1.11%
Land Transportation	0.12%	-0.19%	-1.37%	-0.68%	-0.23%	-0.10%	-0.02%
Marine Transportation	0.38%	-0.08%	0.22%	0.55%	0.33%	0.41%	0.43%
Air Transportation	-0.12%	-0.16%	-0.30%	-0.23%	-0.21%	-0.16%	-0.18%
Warehousing & Harbor Transportation Services	-0.05%	-0.01%	-0.06%	-0.03%	-0.04%	-0.02%	0.00%
Information & Communication	3.95%	4.18%	1.80%	3.96%	4.07%	3.80%	3.64%
Wholesale Trade	-0.09%	-0.75%	0.80%	0.20%	0.55%	0.28%	0.51%
Retail Trade	-0.31%	0.23%	-0.76%	-0.15%	-0.04%	0.18%	-0.02%
Banks	-6.35%	-2.38%	-0.33%	-0.58%	0.69%	0.84%	1.20%
Securities & Commodity Futures	-0.40%	-0.38%	-0.09%	-0.78%	-0.41%	-0.34%	-0.28%
Insurance	-0.87%	-0.65%	-0.73%	-0.88%	-0.78%	-0.79%	-0.91%
Other Financing Business	2.37%	1.93%	1.64%	1.43%	1.32%	1.22%	1.22%
Real Estate	-1.43%	-1.34%	-1.20%	-1.09%	-0.98%	-0.76%	-0.84%
Services	-0.34%	-0.28%	-0.59%	-0.43%	-0.44%	-0.40%	-0.40%
All Financials (inc. Real Estate)	-6.67%	-2.83%	-0.71%	-1.90%	-0.17%	0.16%	0.39%

Source: Nomura Asset Management Co., Ltd. as at 30 June 2011

Appendix

Research Affiliates, LLC

■ Robert Arnott, Chairman, Research Affiliates, LLC

- Mr. Arnott is a leading expert on Tactical Asset Allocation strategy in the US. Utilizing a range of innovative investment techniques, Mr. Arnott is at the forefront of quantitative investment management and was Chairman of First Quadrant until 2004.
- Mr. Arnott served as a previous Editor of the Financial Analysts Journal and also holds the position of visiting Professor at the University of California, Los Angeles.

■ Research Affiliates

- Research Affiliates, LLC, is registered with the SEC as an investment manager. It was formed by Robert D. Arnott in 2002, to offer products such as global asset allocation investment products.
- Research Affiliates, with its Advisory Board members including Harry M. Markowitz, the Nobel prize winning economist, Burton Malkiel, author of “Random Walk Down Wall Street”, Peter L. Bernstein, author of “Against the Gods: The Remarkable Study of Risk”, and Jack Treynor, who is renowned for his research into investment theory, engage actively in innovative product development and research.
- Nomura Asset Management is a minority shareholder of Research Affiliates

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Registration Number: Director General of the Kanto Finance Bureau No. 616

Approval Number: The Minister of Finance No. 174

Japan Securities Investment Advisers Association Membership Number: 011-00616

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<p>“NAM Group” “NAM” “Our” “We”</p>	<p>These references relate to the whole Nomura Asset Management organisation and will generally be used when referring to matters such as investment philosophy, style, company structure and other policies which are consistent across the Group.</p>
<p>“NAM UK”</p>	<p>This refers to Nomura Asset Management U.K. Limited, the UK based subsidiary of NAM Tokyo. NAM UK will typically be appointed as investment manager and will retain responsibility for the management, control and servicing of the client portfolio and relationship. Some responses within this document will refer specifically to practices and procedures undertaken within the NAM UK office.</p>
<p>“NAM Tokyo”</p>	<p>This refers to Nomura Asset Management Co., Ltd., the Head Office of the NAM Group based in Tokyo, Japan. Consequently, some responses within this document may refer to practices at NAM Tokyo where we believe this to be relevant to the question.</p>
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MSCI KOKUSAI INDEX

MSCI AC World

MSCI Emerging Markets Index

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