

**NOMURA FUNDS**  
An Investment Company  
(Société d'Investissement à Capital Variable)  
with one active Sub-Fund

**CHINA OPPORTUNITIES**

R.C.S Luxembourg B 107 078

organised under the Laws of  
the Grand Duchy of Luxembourg

**SEMI ANNUAL REPORT AND UNAUDITED  
FINANCIAL STATEMENTS**

for the period ended June 30, 2011

*This report shall not constitute an offer or a solicitation of an offer to buy shares of the Fund. Subscriptions are to be made only on the basis of the current Prospectus, accompanied by the latest available annual reports and audited financial statements and the most recent semi-annual financial statements if published thereafter.*

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## Organisation of the Fund

Registered office: 33, rue de Gasperich L - 5826 Hesperange

### BOARD OF DIRECTORS

#### Chairman

Tamon WATANABE  
Chairman  
Nomura Asset Management U.K. Limited

#### Custodian

Nomura Bank (Luxembourg) S.A.,  
33, rue de Gasperich  
L - 5826 Hesperange  
Grand-Duchy of Luxembourg

#### Directors

Koichi MATSUMOTO (until April 19, 2011)  
President and Managing Director  
Nomura Bank (Luxembourg) S.A.

Hajime USUKI (from April 19, 2011)  
President and Managing Director  
Nomura Bank (Luxembourg) S.A.

Koichi SUDO  
General Manager,  
Nomura Bank (Luxembourg) S.A.

Yoshikazu CHONO  
Managing Director,  
Nomura Asset Management Co., Ltd

#### Management Company

RBS (Luxembourg) S.A.  
33, rue de Gasperich  
L - 5826 Hesperange  
Grand-Duchy of Luxembourg

#### Investment Manager

Nomura Asset Management U.K. Limited,  
Nomura House  
1, St Martin's-le-Grand,  
London EC1A 4NT  
United Kingdom

#### Investment Adviser to China Opportunities Sub-Fund

Nomura Asset Management Hong Kong Ltd,  
30/F, Two International Finance Centre,  
8 Finance Street, Central  
Hong Kong

#### Administrator, Domiciliary, Registrar and Transfer Agent

Nomura Bank (Luxembourg) S.A.,  
33, rue de Gasperich  
L - 5826 Hesperange  
Grand-Duchy of Luxembourg

#### Cabinet de révision agréé

Deloitte S.A.  
560, rue de Neudorf,  
L - 2220 Luxembourg  
Grand-Duchy of Luxembourg

#### Legal Advisors in Luxembourg

Elvinger, Hoss & Prussen,  
2, Place Winston Churchill,  
L - 1340 Luxembourg  
Grand-Duchy of Luxembourg

#### Distributor for China Opportunities Sub-Fund

Nomura Asset Management U.K. Limited,  
Nomura House  
1, St Martin's-le-Grand,  
London EC1A 4NT  
United Kingdom

## Shareholders' Information

Nomura Funds (the "Fund") is an open-ended investment fund and an umbrella fund. As of June 30, 2011, the Fund comprised the following active sub-fund: China Opportunities.

Unaudited semi-annual reports and audited annual reports are available at the registered office of the Company, 33, rue de Gasperich L - 5826 Hesperange.

The annual general meeting of shareholders of the Fund will be held at the registered office of the Fund in Luxembourg normally on the last Monday in June at 11:00 a.m. in each year or, if any such day is not a bank business day in Luxembourg, on the next following bank business day. Notices of all general meetings will be given to the extent required by Luxembourg law by publication in the legal gazette *Mémorial* and in such other newspapers as the Board of Directors shall determine.

The Net Asset Value per Share of each Class, as well as the Subscription Price and Redemption Price, may be obtained from the registered office of the Fund. The combined financial statements are presented in Euro.

## Report of the Board of Directors - China Opportunities

### To Our Shareholders

We hereby present the semi-annual report of the Nomura Funds China Opportunities (the “Sub-Fund”) for the period ended June 30, 2011.

The Net Asset Value per Share (NAV) of the Sub-Fund as of June 30, 2011 was USD 142,432 which is an increase of 184.86% from the initial subscription price of USD 50,000 and a decrease of 0.07% from the Net Asset Value per Share (NAV) of the Sub-Fund as of December 31, 2010 of USD 142,532. Total net assets of the Sub-Fund on the same date were USD 51,232,736 and the total number of shares outstanding was 359.70057.

Below are some considerations from the Investment Manager of the Sub-Fund on past performance and market outlook:

### Performance Review

The objective of the Sub-Fund is to achieve long-term capital growth. During the period from 31 December 2010 to 30 June 2011, the Sub-Fund’s Net Asset Value per Share fell -0.07% relative to the 0.93% return of the MSCI China Total Return Index, underperforming it by 1.0%. Stock selection made a positive contribution to the fund’s performance during the first 6 months of the year, as contribution from the financial, industrials and utilities sectors were positive. However, sector allocation made a negative contribution to the fund’s performance during this period, as the portfolio was underweight in the outperforming information technology sector. In terms of sector weighting, the portfolio increased its exposure to the financials and energy sectors for the period, largely at the expense of the industrials sectors.

### Investment Outlook

The rating agency Standard & Poor’s lowered the USA’s AAA credit rating in early August for the first time since granting it in 1917. Together with the Euro debt crisis, the possible of multiple follow-through rating downgrade, and concerns on the sharp slowdown of world economy, global equities were hardly hit in early August. August and September are seasonally weak months for Asian equities. Superimpose this factor over fragile confidence in the equity market globally, we believe the market continues to see high volatility with the possibility of further downside in the near term.

The China official Purchasing Managers Index continued to edge lower from 50.9 for June to 50.7 for July. Inflation data showed increases in both the Consumer Price Index (CPI) and Producer Price Index (PPI) in July, suggesting inflationary pressure is still high, even on a sequential basis. CPI inflation jumped to 6.5% (year-on-year) in July. CPI food inflation for July accelerated to 14.8% (year-on-year). PPI inflation also rose from 7.1% (year-on-year) in June to 7.5% (year-on-year) in July. As imported inflation remains rampant, the pressure of cost-push inflation is still high. Premier Wen continuously emphasized the importance of achieving balance between economic growth, structural rebalancing, and management of inflation expectations. On the positive side, China may be seen as safe haven and global funds may divert capital flow to China, where growth, though still high, is also slowing. In Hong Kong, Hong Kong’s CPI accelerated to 5.6% (year-on-year) in June, up from 5.2% in May, due to a rise in housing costs and food prices. Retail sales jumped 28.8% (year-on-year) in value in June, the biggest gain in more than a year. The authorities in Hong Kong have intensified their battle to curb surging home prices with additional taxes and larger down payments. A low level of unemployment rate, 3.5% in June, together with the strong growth in visitor arrivals from mainland Chinese will continue to support Hong Kong economic growth.

The main risk, is the world economy might be about to enter a sharp slowdown and this may seriously impact the confidence in the equity markets. Currently, the MSCI China stocks are trading at 2011E price-to-earnings ratio of 9.5x, which is cheap relative to the 6-year average of circa 15x prospective price-to-earnings. In the medium term, the investment manager maintains a positive outlook for both China and Hong Kong markets, given the ongoing benefit from China’s strong economic growth rates compared with other global markets. We continue to be more prudent and selective in stock selection in the near term.

### Investment Strategy

Our investment strategy choices within sectors will be dictated by bottom-up decisions and will focus on the value plays in each industry. We also prefer companies which, due to their competitive positions and management quality, have clear strategies to take advantage of the economic growth in China. We have selected the energy, consumer and utilities sectors to be overweight within the Fund for the time being.

**Statement of Net Assets  
at June 30, 2011**

	<i>China Opportunities</i>	<i>Nomura Funds</i>
	<i>(in USD)</i>	<i>(in Euro)</i>
<b>ASSETS</b>		
Investment in securities at market value (note 2)	50,049,807	34,500,433
Cash at banks	1,033,661	712,525
Accrued income	369,795	254,908
	<hr/>	<hr/>
Total Assets	51,453,263	35,467,866
	<hr/>	<hr/>
<b>LIABILITIES</b>		
Accrued expenses (note 8)	220,527	152,014
	<hr/>	<hr/>
Total Liabilities	220,527	152,014
	<hr/>	<hr/>
<b>TOTAL NET ASSETS</b>	<u>51,232,736</u>	<u>35,315,852</u>
 <b>NUMBER OF SHARES OUTSTANDING</b>		
China Opportunities Class I Shares	359.70057	
 <b>NET ASSET VALUE PER SHARE</b>		
China Opportunities Class I Shares	142,432	

*The accompanying notes form an integral part of these financial statements.*

**Statement of Changes in the Number of Shares Outstanding  
for the period ended June 30, 2011**

	<i>China Opportunities Class I Shares</i>
Number of shares outstanding at the beginning of the period	414.22501
Number of shares issued	0
Number of shares redeemed	<u>(54.52444)</u>
Number of shares outstanding at the end of the period	<u><u>359.70057</u></u>

**Statistical Information**

	June 30, 2011	December 31, 2010	December 31, 2009
China Opportunities Class I Shares ( <i>in USD</i> )			
Net Assets at the end of the year/period	51,232,736	59,040,412	73,458,556
Net Asset Value per share at the end of the year/period	142,432	142,532	135,388
Japan Active Open Class I – EUR ( <i>in EUR</i> )			
Net Assets at the end of the year	0	0	826.07
Net Asset Value per share at the end of the year	0	0	826.07
Japan Active Open Class I – JPY ( <i>in JPY</i> )			
Net Assets at the end of the year	0	0	3,225,288,201
Net Asset Value per share at the end of the year	0	0	62,582
Japan Active Open Class I – USD ( <i>in USD</i> )			
Net Assets at the end of the year	0	0	3,583,702
Net Asset Value per share at the end of the year	0	0	814.48

*The accompanying notes form an integral part of these financial statements.*

**NOMURA FUNDS-CHINA OPPORTUNITIES**  
**Statement of Investments**  
**at June 30, 2011**  
*(expressed in U.S. DOLLARS)*

Quantity	Description	Cost	Market Value	In % of Net Assets
<b>TRANSFERABLE SECURITIES ADMITTED TO OFFICIAL EXCHANGE LISTING</b>				
<b>BERMUDA</b>				
<b>ORDINARY SHARE</b>				
635,000	CHINA YURUN FOOD GROUP	2,312,237	1,786,807	3.49
492,000	COSCO PACIFIC LIMITED	717,270	864,790	1.69
203,666	SHANGRI-LA ASIA LTD	467,282	498,247	0.97
404,000	FIRST PACIFIC CO LTD	282,565	360,766	0.70
59,500	KERRY PROPERTIES LTD	311,918	286,687	0.56
56,000	LUK FOOK HOLDINGS INTL LTD	178,976	271,622	0.53
266,500	JOHNSON ELECTRIC HOLDINGS	187,128	178,057	0.35
22,000	ORIENT OVERSEAS INTL LTD	180,225	141,619	0.28
		4,637,601	4,388,595	8.57
Total BERMUDA		4,637,601	4,388,595	8.57
<b>CAYMAN ISLANDS</b>				
<b>ORDINARY SHARE</b>				
55,000	TENCENT HOLDINGS LTD	477,723	1,492,505	2.91
1,214,000	SOHO CHINA LTD	762,907	1,084,084	2.12
639,000	SHIMAO PROPERTY HOLDING LTD	1,020,281	788,191	1.54
151,500	KINGBOARD CHEMICALS HOLDINGS LTD	631,723	700,769	1.37
192,000	LEE & MAN HOLDING LTD	182,223	226,960	0.44
162,000	CHINA LILANG LTD	206,636	226,883	0.44
169,000	HAITIAN INTL HLDGS LTD	186,900	218,880	0.43
146,000	UNITED LABORATORIES	294,879	215,355	0.42
339,000	REAL GOLD MINING LTD	626,583	192,958	0.38
430,000	CHINA LUMENA NEW MATERIALS CORP	232,897	172,931	0.34
522,000	BOSIDENG INTL HLDGS LTD	163,276	160,969	0.31
235,500	XTEP INTERNATIONAL HOLDINGS	172,462	160,069	0.31
221,000	LONGKING HOLDINGS LTD	84,744	120,682	0.24
192,000	LEE & MAN HANDBAGS HOLDING LTD	0	25,903	0.05
833	SHUI ON LAND LTD	0	365	0.00
		5,043,234	5,787,504	11.30
Total CAYMAN ISLANDS		5,043,234	5,787,504	11.30

*The accompanying notes form an integral part of these financial statements.*



**NOMURA FUNDS-CHINA OPPORTUNITIES**  
**Statement of Investments**  
**at June 30, 2011**  
*(expressed in U.S. DOLLARS)*

Quantity	Description	Cost	Market Value	In % of Net Assets
<b>TRANSFERABLE SECURITIES ADMITTED TO OFFICIAL EXCHANGE LISTING (CONTINUED)</b>				
<b>CHINA</b>				
<b>ORDINARY SHARE</b>				
6,573,650	IND & COMM BANK OF CHINA LTD H	4,363,933	4,991,759	9.75
8,990,000	AGRICULTURAL BANK OF CHINA H	4,741,215	4,724,355	9.22
1,848,000	PETROCHINA CO LTD H	1,854,320	2,702,115	5.27
2,865,270	CHINA CONSTRUCTION BANK H	1,943,126	2,374,569	4.63
2,268,000	CHINA PETROLEUM & CHEMICAL CORP H	1,745,004	2,281,731	4.45
316,000	CHINA SHENHUA ENERGY CO LTD H	1,318,505	1,506,332	2.94
341,000	JIANGXI COPPER CO LTD H	632,288	1,132,595	2.21
514,000	DONGFENG MOTOR GP CO H	625,836	970,823	1.89
703,000	CHINA COAL ENERGY CO H	1,017,794	946,621	1.85
858,000	JIANGSU EXPRESSWAY CO LTD H	781,186	792,640	1.55
380,000	PICC PROPERTY & CASUALTY H	475,498	646,444	1.26
187,000	CHINA LIFE INSURANCE CO LTD H	305,282	639,121	1.25
280,000	CHINA NATIONAL BUILDING MA H	259,524	549,000	1.07
622,000	CHINA NATIONAL MATERIALS CO LTD H	474,408	509,084	0.99
566,000	CHINA COMMUNICATION CONSTRUCTION H	525,218	486,522	0.95
576,000	CHINA BLUECHEMICAL LTD H	438,098	475,875	0.93
668,000	CHINA CITIC BANK CORP H	421,832	416,273	0.81
294,930	CHINA VANKE CO LTD B	314,363	397,137	0.78
361,000	CHINA LONGYUAN POWER GROUP H	349,802	349,270	0.68
776,000	SINOPEC SHANGHAI PETROCHEMICAL H	330,662	347,974	0.68
52,400	CHINA PACIFIC INSURANCE CO LTD H	216,239	217,130	0.42
364,000	CHINA COMMUNICATIONS SVCS CORP H	186,877	215,139	0.42
388,000	SINOPEC YIZHENG CHEMICAL FIBRE CO H	196,992	137,096	0.27
		23,518,002	27,809,605	54.27
<b>RIGHTS</b>				
133,600	CHINA CITIC BANK CORP H RTS11	0	14,419	0.03
		0	14,419	0.03
	Total CHINA	23,518,002	27,824,024	54.30

*The accompanying notes form an integral part of these financial statements.*

**NOMURA FUNDS-CHINA OPPORTUNITIES**  
**Statement of Investments**  
**at June 30, 2011**  
*(expressed in U.S. DOLLARS)*

Quantity	Description	Cost	Market Value	In % of Net Assets
<b>TRANSFERABLE SECURITIES ADMITTED TO OFFICIAL EXCHANGE LISTING (CONTINUED)</b>				
<b>HONG KONG</b>				
<b>ORDINARY SHARE</b>				
444,500	CHINA MOBILE LTD	3,264,112	4,112,103	8.03
1,473,000	CNOOC LTD	2,177,441	3,436,989	6.71
537,000	ANTA SPORTS PRODUCTS LTD	908,764	959,066	1.87
474,000	CN RESOURCES POWER HOLDING	857,627	924,506	1.80
246,000	SJM HOLDINGS LTD	225,103	582,216	1.14
276,000	CHINA EVERBRIGHT LIMITED	634,656	526,972	1.03
87,000	SHANGHAI INDUSTRIAL HLDG LTD	391,572	319,702	0.62
101,000	CATHAY PACIFIC AIRWAYS LTD	265,430	233,849	0.46
1,229,800	YUEXIU PROPERTY CO LTD	297,853	232,280	0.45
533,000	PCCW LTD	187,127	229,420	0.45
336,000	SHUN TAK HOLDINGS	219,491	203,770	0.40
156,000	DAH CHONG HONG HOLDINGS LTD	187,051	186,008	0.36
7,000	SWIRE PACIFIC LTD A	94,394	102,803	0.20
		9,710,621	12,049,684	23.52
	Total HONG KONG	9,710,621	12,049,684	23.52
	<b>Total TRANSFERABLE SECURITIES ADMITTED TO OFFICIAL EXCHANGE LISTING</b>	<b>42,909,458</b>	<b>50,049,807</b>	<b>97.69</b>
<b>Total Investments</b>		<b>42,909,458</b>	<b>50,049,807</b>	<b>97.69</b>

*The accompanying notes form an integral part of these financial statements.*

**NOMURA FUNDS-CHINA OPPORTUNITIES**  
**Economic and Geographical Division of Investments**  
**at June 30, 2011**

Economic and Geographical Division	In % of Net Assets
<b>BERMUDA</b>	
Consumer Staples	3.49
Industrials	1.97
Financials	1.79
Consumer Discretionary	0.97
Information Technology	0.35
	8.57
<b>CAYMAN ISLANDS</b>	
Information Technology	4.28
Materials	2.26
Financials	2.12
Consumer Discretionary	1.55
Industrials	0.67
Health Care	0.42
	11.30
<b>CHINA</b>	
Financials	28.15
Energy	12.66
Industrials	5.38
Materials	5.16
Utilities	2.53
Telecommunication Services	0.42
	54.30
<b>HONG KONG</b>	
Telecommunication Services	8.48
Energy	6.71
Financials	2.30
Consumer Discretionary	2.23
Industrials	2.00
Utilities	1.80
	23.52
<b>Total Investments</b>	<b>97.69</b>

*The accompanying notes form an integral part of these financial statements.*

## Notes to the Financial Statements for the period ended June 30, 2011

### Note 1 - Organisation

NOMURA FUNDS (the “Fund”) was incorporated as an open-ended investment company (Société d’Investissement à Capital Variable – SICAV) with multiple compartments on April 6, 2005. The duration of the Fund is indefinite. The duration of the Sub-Funds may be limited. The initial capital on incorporation was JPY 5,000,000. On incorporation all the shares representing the initial capital were subscribed for and were fully paid. The Fund has designated a management company subject to chapter 15 of the Luxembourg law of December 17, 2010 regarding undertakings for collective investment as amended.

The Articles of Incorporation were published in the *Mémorial C, Recueil des Sociétés et Associations* on April 18, 2005. The Articles of Incorporation are on file with the *Registre de Commerce et des Sociétés* of Luxembourg. The notice required by Luxembourg law relating to the issue of Shares in the Fund has been deposited with the *Registre de Commerce et des Sociétés* of Luxembourg.

The Fund is designed to offer investors, within the same investment vehicle, a choice between several Sub-Funds, which are managed separately and are distinguished principally by their specific investment policy and/or by the currency in which they are denominated.

The Fund is registered under Part I of the Luxembourg law of December 17, 2010 relating to undertakings for collective investment as amended.

The Fund is operated in compliance with the Association of the Luxembourg Fund Industry (ALFI) Code of Conduct.

At June 30, 2011, the Fund comprised one active Sub-Fund:

- (i) China Opportunities which has been established for an indefinite period of time.

The Sub-Fund's investment objective is to achieve long term capital growth through investment in an actively managed portfolio of Chinese securities, including primarily equities issued by companies based in or listed/dealt on Regulated Markets in the People's Republic of China (PRC), comprising Hong Kong SAR ("Special Administrative Region"). The Sub-Fund may also invest in companies carrying out a preponderant part of their business activities in the PRC.

### Note 2 - Significant Accounting Policies

The Fund maintains the books and records of China Opportunities Sub-Fund in its respective currency, U.S. Dollar and prepares combined financial statements in Euro.

The financial statements are prepared in accordance with Luxembourg regulations relating to investment funds, including the following significant accounting policies:

#### INVESTMENTS IN SECURITIES

(a) Securities listed on Regulated Markets, which operate regularly and are recognised and open to the public, are valued at the last available closing price; in the event that there should be several such markets, on the basis of the last available closing price of the main market for the relevant security. Should the last available closing price for a given security not truly reflect its fair market value, then that security is valued on the basis of the probable sales prices which the Board of Directors deems is prudent to assume;

(b) Securities not listed on Regulated Markets, which operate regularly and are recognised and open to the public, are valued on the basis of their last available closing price. Should the last available closing price for a given security not truly reflect its fair market value, then that security is valued by the Board of Directors on the basis of the probable sales price which the Board of Directors deems is prudent to assume;

(c) Shares or units in underlying open-ended investment funds are valued at their last available net asset value;

## Notes to the Financial Statements for the period ended June 30, 2011 (continued)

### Note 2 - Significant Accounting Policies (continued)

#### *INVESTMENTS IN SECURITIES (CONTINUED)*

(d) Liquid assets and money market instruments may be valued at nominal value plus any accrued interest or on an amortised cost basis. All other assets, where practice allows, may be valued in the same manner. Short-term investments that have a remaining maturity of one year or less may be valued (i) at market value, or (ii) where market value is not available or not representative, at amortised cost;

(e) The value of any cash on hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued as aforesaid, and not yet received is deemed to be the full amount thereof, unless, however, the same is unlikely to be paid or received in full, in which case the value thereof is determined after making such discount as the Board of Directors may consider appropriate in such case to reflect the true value thereof.

In the event that extraordinary circumstances render such a valuation impracticable or inadequate, the Board of Directors may, at their discretion, prudently and in good faith follow other methods of valuation to be used if they consider that such method of valuation better reflects value and is in accordance with good accounting practice in order to achieve a fair valuation of the assets of the Fund.

#### *SECURITY TRANSACTIONS AND INVESTMENT INCOME*

Security transactions are recorded on the trade date. Realised profits and losses on sales of portfolio securities are calculated on a weighted-average cost basis. Dividend income is recorded on the ex-dividend date and interest income is recorded on the basis of interest accrued, premiums amortised and discounts earned. Dividend income is recorded net of withholding tax.

#### *FOREIGN CURRENCY TRANSLATION*

The market value of securities as well as other assets and liabilities stated in currencies other than the reporting currency of the respective sub-funds have been translated at the exchange rates prevailing at the date of the annual accounts. Income and expenses not denominated in the reporting currency of the respective Sub-Funds have been translated at the rate prevailing at the date of transaction.

For the preparation of combined financial statements in Euro, the statements of each Sub-Fund denominated in currencies other than Euro have been translated at the exchange rates prevailing at the period-end.

The following exchange rate was used:

1 USD = 0.689322 EUR

#### *FORMATION EXPENSES*

The cost incurred in the setting-up of the Fund and the Sub-Funds are amortised on a straight-line basis over 5 years from the date on which the Fund and the Sub-Funds commenced business.

#### *COMBINED FINANCIAL STATEMENTS*

The Fund's total net assets are expressed in EUR and correspond to the difference between the total assets and the total liabilities of the Fund. In order to calculate this value, the net assets of each Sub-Fund are, unless they are already expressed in EUR, converted into EUR and added together.

### Note 3 - Management and Investment Management Fees

The Management Company is entitled to a maximum management fee at an annual rate of 0.15% of the average net assets of the Fund for the provision of its services.

Funds managed by the Management Company: the list of the funds managed by the Management Company, may be obtained, on simple request, at the registered office of the Management Company.

## Notes to the Financial Statements for the period ended June 30, 2011 (continued)

### Note 3 - Management and Investment Management Fees (continued)

The different Sub-Funds and Classes will incur an annual investment management fee payable to the Investment Manager, which reflects all expenses related to the investment management of the Sub-Funds and Classes. The investment management fee which is expressed as a percentage of the Net Asset Value is specified in the relevant Annex of the Prospectus as follows:

#### *CHINA OPPORTUNITIES*

The Investment Manager is entitled to receive out of the monies of this Sub-Fund, an investment management fee accrued daily and payable quarterly, not exceeding 1 % per annum of the average total net assets of the Sub- Fund attributable to Class I.

The Investment Adviser is paid by the Investment Manager.

### Note 4 - Custodian, Administrator, Domiciliary, Registrar and Transfer Agent Fees

The Custodian, Administrator, Registrar and Transfer Agent are entitled to receive out of the monies of each Sub-Fund a combined fee in accordance with usual practice in Luxembourg for custody, administration, domiciliary, registrar and transfer agent services. Such fee is based on the total net assets of each Sub-Fund and is payable quarterly, in arrears.

In addition, the Custodian will be reimbursed for the reasonable out-of-pocket expenses relating to the services thereto.

### Note 5 - Subscription and Redemption of Shares

#### *CHINA OPPORTUNITIES*

#### **Classes of Shares**

Class I Shares are available for subscription and are reserved to institutional investors as defined from time to time by the Luxembourg Supervisory Authority. The minimum subscription and minimum holding amounts are of USD 3 million and the subsequent minimum investment amounts are USD 1 million unless the Board of Directors resolve otherwise.

Class A Shares are currently not available. The minimum subscription and minimum holding amounts are of USD 50,000.

#### **Subscriptions**

Investors should be aware that subscription to the Shares may be made directly through the Registrar and Transfer Agent as described in the Chapter on Subscriptions.

The Initial Offering Period commenced on May 10, 2005 and has closed on June 6, 2005. During the Initial Offering Period, Class I Shares were subscribed at a price of USD 50,000 plus the applicable subscription charge. Following the close of the Initial Offering Period, Shares are available for subscription on each Valuation Day. Applications for Shares must be received by the Registrar and Transfer Agent by no later than 8 a.m. (Luxembourg time) on the relevant Valuation Day to be dealt with on the basis of the Net Asset Value per Share calculated on that Valuation Day. Subscription proceeds must be received by the Custodian on an account of the Fund no later than the fifth Business Day following the relevant Valuation Day. Applications for Shares received by the Registrar and Transfer Agent after 8.00 a.m. (Luxembourg time) will be dealt with on the basis of the Net Asset Value per Share of the next Valuation Day.

A subscription charge, not exceeding 5 per cent of the fixed price at which Shares are offered during the Initial Offering Period and thereafter of the Subscription Price, may be added for the purpose of compensating financial intermediaries and other agents who assist in placing the Shares. This charge is to be considered a maximum rate and the intermediaries and other agents may decide at their discretion to waive this charge in whole or in part. No subscription charge was charged on subscriptions recorded during the year under review.

**Notes to the Financial Statements  
for the period ended June 30, 2011 (continued)**

**Note 5 - Subscription and Redemption of Shares (continued)**

**Redemptions**

Shares are redeemable at the option of the Shareholders. Completed redemption requests should be sent to the Registrar and Transfer Agent to be received no later than 8 a.m. (Luxembourg time) on the relevant Valuation Day in order to be dealt with on the basis of the Net Asset Value per Share calculated on that Valuation Day. Redemption requests received by the Registrar and Transfer Agent after 8.00 a.m. (Luxembourg time) will be dealt with on the basis of the Net Asset Value per Share of the next Valuation Day. No Redemption Charge will be levied for the Sub-Fund.

Payment of redemption proceeds will normally be made within six Business Days after the relevant Valuation Day.

**Note 6 - Distribution policies**

*CHINA OPPORTUNITIES*

The Sub-Fund offers the Shares in the form of accumulation shares. The Sub-Fund shall not distribute any dividend and all net investment income and all net realised and unrealised capital gains were accumulated and will increase the Net Asset Value of the Shares of the Sub-Fund.

**Note 7 - Taxation**

Under current law and practice the Fund is not liable to any Luxembourg income tax, nor are dividends (if any) paid by the Fund liable to any Luxembourg withholding tax. However, the Fund is liable in Luxembourg to a subscription tax of 0.05 per cent per annum of its net assets, such tax being payable quarterly and calculated on the Net Asset Value of the Fund at the end of the relevant quarter. The reduced *taxe d'abonnement* rate of 0.01 per cent per annum will be applicable to the Classes of Shares which are exclusively held by Institutional Investors. To the extent that the assets of the Fund are invested in investment funds which are established in Luxembourg, no such tax is payable.

No stamp duty or other tax is payable in Luxembourg on the issue of Shares in the Fund except for an initial tax of EUR 1,250 which was paid upon incorporation.

Under current law and practice, it is anticipated that no Luxembourg capital gains tax will be payable on the realised or unrealised capital appreciation of the assets of the Fund.

**Note 8 - Accrued expenses**

	<i>China Opportunities</i>	<i>Nomura Funds</i>
	<i>(in USD)</i>	<i>(in Euro)</i>
Management and Investment Management fees	143,584	98,976
Custodian, Administrator, Domiciliary, Registrar and Transfer Agent fees	38,388	26,462
Formation expenses	22,327	15,390
Professional fees	12,126	8,359
Out-of-pocket expenses	2,747	1,893
Subscription tax	1,355	934
	<hr/>	<hr/>
Total Accrued Expenses	220,527	152,014
	<hr/>	<hr/>

**Notes to the Financial Statements  
for the period ended June 30, 2011 (continued)**

**Note 9 - Statement of changes in the investment portfolio**

The statement of changes in the investment portfolio for the period ended June 30, 2011 for China Opportunities Sub-Fund is available free of charge at the Registered Office of the Company.