

NOMURA

Connecting Markets East & West

Annual Report 03/2017

Nomura Real Return Fonds

German UCITS Investment Fund

as at 31/3/2017

Annual Report of Nomura Real Return Fonds as at 31/03/2017

Legal information

Company:

Nomura Asset Management
Deutschland KAG mbH
Gräfrstraße 109
60487 Frankfurt am Main
Phone +49 (0)69 153093 020
Fax +49 (0)69 153093 900
Email: info@nomura-asset.de
Website www.nomura-asset.de

Subscribed capital:

EUR 5.15 million

Paid-in capital:

EUR 5.15 million

Liable equity capital:

EUR 7.4 million

(as at: 31/03/2017)

Date of foundation: 25/08/1988

Commercial register Frankfurt am Main

HRB 29391

Tax number: 047 221 36017

ID number DE811734719

Shareholder:

Nomura Asset Management Co. Ltd.,
Tokyo (100%)
1-12-1 Nihonbashi, Chuo-ku,
Tokyo 103-8260 Japan

Supervisory Board:

Richard Bisson,
Chairman, President of Nomura Asset Management
U.K. Limited

Walter Heindl,
Deputy Chairman, Branch Manager and
CEO of Nomura International PLC,
German Branch

Gerhard Wiesheu
Partner, B. Metzler seel. Sohn & Co. KGaA and
Member of the Executive Board of B. Metzler seel.
Sohn & Co. Holding AG

Managing Directors:

Magnus Fielko
Andreas Körner

Auditor:

Ernst & Young GmbH
Auditing company
Mergenthalerallee 3-5
65760 Eschborn, Germany

Competent supervisory authority:

Bundesanstalt für Finanzdienstleistungsaufsicht
[German Federal Financial Supervisory Authority, BaFin]
Graurheindorfer Straße 108,
53117 Bonn

Investment Committee

Nomura Real Return Fonds

Dieter Wittrin (Chairman)
Magnus Fielko (Deputy Chairman)
Huy Anh Dinh

Depositary:

Deutsche Apotheker- und Ärztebank eG
Richard-Oskar-Mattern-Straße 6
40547 Düsseldorf, Germany

Equity capital:

EUR 2,471,870,836

Paid-in capital:

EUR 1,134,517,022

Subscribed capital:

EUR 1,134,723,000

(as at: 30/09/2016)

Additional information for distribution in Austria:

Tax representative in Austria

Ernst & Young Steuerberatungs- und Wirtschaftsprüfungsgesellschaft m.b.H.
Wagramer Straße 19,
A-1220 Vienna

Paying Agent/Distributor in Austria

UniCredit Bank Austria AG
Schottengasse 6-8
1010 Vienna, Austria

Global economic conditions for the international capital markets

Review

The UK's vote in favour of Brexit in June 2016 was one of the outstanding events in the reporting period (April 2016 to March 2017). The other was the election of Donald Trump as US President, which led to more than just eco-political changes in the USA. In addition, the turnaround in crude oil prices and their recovery to 50–55 USD/barrel (Brent) as well as the changing interest rate policy of the Fed have also defined the capital and currency markets during the reporting period.

After the upswing of the equity markets in April 2016, a small correction came in May and June due to worries about the Chinese economy. After the short-term shock of the Brexit at the end of June, the equity markets continued their recovery. The continued good economic situation, coupled with unexpectedly good company results and the expectation of a very expansive US fiscal policy triggered by the election of Trump, led to significantly rising prices around the world.

On the other hand, the bond markets – particularly those in the USA – recorded price losses. Both the reduced fear of a recession and markedly rising inflation expectations contributed to this. Although the turnaround on the interest rate markets in the US was very pronounced, it was rather moderate in Europe and Japan. But here, too, expectations about the future policies of the central banks have turned towards a possible future tightening of monetary policy, even if no interest rate hikes are expected in the short term.

Only in the UK, as a result of the vote in favour of Brexit, the Bank of England lowered its key rates which led to lower yields during the reporting period.

The US dollar appreciated against most currencies. While the Chinese renminbi and the euro depreciated by around 6%, the pound fell by almost 13% against the USD and 7% against the euro as a direct result of the vote in favour of Brexit. Only the Japanese yen temporarily appreciated against the US dollar, rising by 13%, but then corrected after the US presidential election. On balance, however, the appreciation was still 1%. Some Asian currencies, such as the Korean won or the Indian rupee, were also able to perform well against the US dollar, while others, such as the Malaysian ringgit or the Philippine peso, depreciated significantly.

GDP growth remained moderate but stable in the large Western countries in the reporting period, staying between 1.5% and 2% y/y. Japan was able to compensate for its slump in growth in the fourth quarter, posting a 1.6% rise compared to the previous year, and showed a similarly high growth rate to the Eurozone (1.7%) and the USA (2.0%). In China, the state's support stimulus was effective and growth remained stable at 6.8% y/y. The GDP data, however, obscures the fact that industrial production has an upward trend on a year-on-year basis, and that the more sensitive business climate indicators such as the ISM index, Ifo index or comparable purchasing manager indices (PMI) have risen significantly in the course of the year, not least because of the very high expectations about the fiscal policy of President Trump's government.

Inflation was very low at the beginning of the reporting period, even falling in some countries after oil prices reached a low in January 2016 of just under USD 26/barrel. Inflation was negative in the Eurozone until May, and in Japan up to and including September, as the yen appreciation strengthened the oil price effect. This led to a decline in both the short-term and the long-term inflation expectations.

On the other hand, core inflation rates, excluding energy, remained almost unchanged in most countries. Once the lowering effect of the oil price ceased, headline inflation in the second half of the reporting period rose sharply to the level of core inflation or even beyond. This shows that fundamental determinants of inflation, such as wage development, rents and capacity utilisation, have an effect, even if they are temporarily superimposed on energy price developments.

This led to monetary policy initially being significantly more expansive than was originally expected during the reporting period. In the spring and summer of 2016, the US central bank continued to postpone any rate increases, whether due to global growth, especially for China, due to the vote in favour of Brexit in June or the sluggish US economy in September. It was not until December 2016, and then again in March 2017, that the Fed raised interest rates in view of the very good labour market situation, rising inflation expectations and the anticipation of an expansive fiscal policy. On the other hand, the other major central banks continued their expansionary course in the first half of the reporting period. The ECB extended its buying activities and also broadened the scope of the assets they purchased, as did the Bank of Japan. The Bank of England attempted to absorb the negative effects of the vote in favour of Brexit with an interest rate cut and special quantitative measures. In developing countries, particularly in Asia, monetary easing measures still dominated. It was not until the second half of the reporting period that there was a phasing-out, if not a moderate trend reversal of monetary policy expectations. Against this backdrop, the good performance of most asset classes can be explained.

Annual Report of Nomura Real Return Funds as at 31/03/2017

Outlook

Despite all the risks, the global growth prospects for the coming reporting period are positive. For industrialised countries, we expect the current good situation to continue for the time being. This will lead to higher annual growth rates in 2017, especially in the USA, but also in the majority of other industrialised countries. The economy should also develop positively in developing and emerging countries. For example, we expect Brazil and Russia to stabilize with slightly positive growth data after their economies contracted 2016. Due to the importance of these two countries, this leads to higher GDP growth numbers for emerging and developing countries. Due to the globally less expansive monetary policy and the high uncertainty about the future of US economic and trade policy, the IMF has lowered its forecasts for Brazil, India and Mexico in its January update to the World Economic Outlook. In our projections, we imply that the US administration only implements protectionist policies very selectively and in a limited economic context.

Assuming that oil prices will rise slightly or remain stable at least, annual inflation rates should rise in 2017 compared to 2016. A good part of this is already included in the current monthly data. For the USA, we currently expect a significant increase in the annual average rate of inflation to around 2.7% for 2017, compared with 1.3% for 2016. In the Eurozone, we expect an annual average of 1.8% after just 0.2% for 2016. At the same time, the core rate remains significantly lower and the headline inflation should again orientate itself towards the core rate during the year. The weak pound means there is continued pressure on inflation in the UK. Only in Japan do we expect rather stable prices due to the strong yen, i.e. an inflation rate of 0.5% compared to -0.3% in 2016. In developing countries inflation rates are likely to present a mixed picture, depending on whether and how much oil prices continue to rise.

For the central banks worldwide, this implies that there is still room for additional easing, but much less than before. The debate on a "tapering" of expansive measures, i.e. a reduction of the ECB or BoJ's bond purchases, will pop up continually and will gradually gather significance. One can therefore expect the expansive monetary policy to bottoming out, and in some countries even a turnaround in monetary policy. It is uncertain how long into 2018 the Fed, which by then will presumably be under a new governor, will continue its policy to increase the Fed Funds rate. Currently, 2-3 interest rate hikes are expected for 2018.

The risks for the outlook, other than the inflation risks already discussed and a potential turnaround in global central bank policy, are particularly the uncertainty about the future path of the US and Chinese economies. The US economy is cyclically advanced and could therefore go into a downturn, especially if the US administration cannot get its expansive tax and investment plans through Congress. For China, on the other hand, questions are constantly raised about the sustainability of its credit-financed growth. A correction of this expansive policy is possible at any time, with a corresponding direct impact on investments and consequently consumption and employment. On the other hand, the political risks associated with the upcoming elections in Europe, but also the unresolved debt crisis in Greece or Brexit are still very high and asymmetric, i.e. potential losses in case of negative events are not offset by comparable opportunities.

Activity Report

Review

The UK's vote in favour of Brexit in June 2016 was one of the outstanding events in the reporting period. The other was the election of Donald Trump as US President, which led to more than just eco-political changes in the USA. In addition, the turnaround in the price of crude oil and their recovery to USD 50–55/barrel (Brent), as well as speculation about how quickly the Federal Reserve will normalise its monetary policy, influences the markets for inflation-linked bonds. Inflation expectations are rising at a global level, and the deflation scenario is increasingly moving into the background.

The US dollar appreciated against most currencies; it appreciated against the euro by 6%. The pound fell as a direct result of the vote in favour of Brexit by nearly 13% against the USD and 7% against the euro. Only the Japanese yen temporarily appreciated against the US dollar, rising by 13%, but then corrected after the US presidential election. On balance, however, the appreciation was still 1%.

GDP growth remained moderate but stable in the large Western countries in the reporting period, staying between 1.5% and 2%. Japan was able to compensate for its slump in growth in the fourth quarter, posting a rise of 1.6% compared to the previous year, and showed a similarly high growth rate to the Eurozone (1.7%) and the USA (2.0%). The GDP data, however, obscures the fact that industrial production has an upward trend on a year-by-year basis, and that the more sensitive business climate indicators such as the ISM index, Ifo index or comparable purchasing manager indices (PMI) have risen significantly in the course of the year, not least because of the very high expectations about the fiscal policy of President Trump's government.

Inflation was very low at the beginning of the reporting period, after oil prices reached a low point in January 2016. Inflation was

negative in the Eurozone until May, and in Japan up to and including September, as the yen appreciation added to the oil price effect. This led to a decline in both the short-term and the long-term inflation expectations.

On the other hand, core inflation rates, excluding energy, remained almost unchanged in most countries. Once the lowering effect of the oil price ceased, inflation in the second half of the reporting period rose sharply to the level of core inflation or even beyond.

This led to monetary policy initially being significantly more expansive than was originally expected during the reporting period. In the spring and summer of 2016, the US central bank continued to postpone any interest rate increases, whether due to global growth, especially for China, due to the vote in favour of Brexit in June or the sluggish US economy in September. It was not until December 2016, and then again in March 2017, that the Fed raised interest rates in view of the very good labour market situation, rising inflation expectations and the anticipation of an expansive fiscal policy. On the other hand, the other major central banks continued their expansionary course in the first half of the reporting period. The ECB extended its buying activities and also broadened the scope of the assets they purchased, as did the Bank of Japan. The Bank of England attempted to absorb the negative effects of the vote in favour of Brexit with an interest rate cut and special quantitative measures.

Inflation-linked bonds and nominal bonds also benefited from the expansive monetary policies of the central banks. The recovery in crude oil prices has contributed to a slight recovery in the majority of market inflation expectations reflected in the break-even inflation rates. However, after the US elections, most markets for inflation-protected bonds, especially in the US, experienced price losses that were lower than for nominal bonds. As such, implicit inflation expectations rose in the USA immediately after the presidential election, as the markets view the trend towards protectionism and the more expansive fiscal policy as inflationary elements. British linkers appreciated in value, with the

depreciation of the British pound significantly increasing the breakeven inflation rates in the UK and pushing the real return down even further.

Investment policy

The Nomura Real Return Funds invests in the bonds of OECD countries or in bonds guaranteed by these countries on a largely currency-hedged basis, with the majority being inflation-linked bonds.

Allocation is heavily influenced by the differences in inflation momentum and in the policies of the central banks. The USA is further along the credit and economic cycle than the Eurozone and therefore provides greater potential for inflation. As a result, inflation-linked bonds from the Eurozone had a lower portfolio weighting on average during the reporting period compared with market capitalisation, while inflation-linked bonds from the USA tended to have a higher portfolio weighting. A portion of the interest rate risk in the US Dollar segment was reduced through short positions of corresponding bond futures for large parts of the reporting period. This maintained the protection against inflation, while the performance of the fund was also determined by changes in inflation expectations.

In the UK segment, the weighted duration in the portfolio immediately before the referendum on EU membership was temporarily increased to around the benchmark level using long positions on UK Gilt Futures, as the outcome of the referendum appeared uncertain. After the referendum, these were sold again and instead the weighting of ultra-long UK inflation-linked bonds was increased again, in order to benefit from rising inflation expectations as a result of the depreciation of the pound. After this increase, some of the profits were realised and nominal futures were again bought tactically.

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Another investment objective is to optimise expected total income compared with the benchmark. For this reason, a Danish inflation-protected bond with a slightly higher real yield compared to Germany was held in the portfolio whose currency hedging even added additional income. Italian inflation-linked bonds were significantly underweighted in terms of the weighted duration as compared to the benchmark because the narrowing of the yield spread to German Bunds showed relatively little additional potential for Italian bonds, especially as the political risks in Italy tended to increase.

The duration in the fund is actively managed. In view of the expansion of the ECB's stimulative monetary policy, the latter was temporarily above the benchmark at the beginning of the reporting period. It was brought down to around benchmark level by the UK referendum and then increased slightly. In the second half of the reporting period, the overall interest rate risk (duration) was kept well below the benchmark as the interest markets underestimated the risk of a global normalisation of monetary policy.

Risks

During the reporting period, the investment fund had a market price risk comparable to that of the benchmark, which is classified as low.

The investment fund's holding in non-Euro denominated bonds was currency hedged as far as possible.

The liquidity risk was consistently monitored during the reporting period and is relatively low, as the bond holdings are liquid government bonds.

No defaults were observed. The default risk is deemed to be very low.

During the reporting period, the investment fund was generally exposed to operational risks in the company's processes, but had no increased operational risk.

The fund is exposed to interest rate risks within the normal range of its benchmark.

Disposal gains/losses

The realised gains and losses are primarily the result of the sale of forward exchange contracts in GBP and USD.

Outlook

Despite all the risks, the global growth prospects for the coming reporting period are positive. For industrialised countries, we expect the current good situation to continue for the time being. This will lead to higher annual growth rates in 2017, especially in the USA, but also in the majority of other industrialised countries.

Assuming that oil prices will rise slightly or remain stable at least, it is anticipated that annual inflation rates will rise globally in 2017 compared to 2016. Especially in the USA, the recovery of the labour market is progressing, which means that increased wage inflation should soon set in. To what extent and how quickly President Trump can implement his announced measures remains uncertain and with it the additional potentially inflationary effect. The weak pound means there is continued pressure on inflation in the UK.

For the central banks worldwide, this implies that there is still room for additional easing, but less than before. The debate on a "tapering" of expansive measures, i.e. a reduction of the ECB or BoJ's bond purchases, will crop up continually and will gradually gather weight. It is not currently known how long into 2018 the Fed, which by then will presumably be under a new governor, will continue its policy of increasing the Fed Fund rate. It's possible that the Fed will lose some of its independence and will only tighten its monetary policy relatively late. As a result, inflation could get out of control. The same is true of the Eurozone, where

the ECB cannot simply terminate its expansive monetary policy out of consideration for structurally weak Member States.

In general, populist governments are adopting less stringent fiscal policies and also want to regain their influence on monetary policy. The upcoming elections in Europe will pose a risk to monetary stability.

The downside risks to the implicit inflation expectations are, on the one hand, the high level of government debt in Europe and, on the other hand, the American and Chinese economy.

The US economy is cyclically advanced and could therefore go into a downturn, especially if the US administration cannot get its expansive tax and investment plans through Congress. For China, on the other hand, questions are constantly raised about the sustainability of credit-financed growth. A correction of this expansive policy is possible at any time, with a corresponding direct impact on investments and consequently consumption and employment.

Annual report for the investment fund Nomura Real Return Fonds

Statement of assets and liabilities

Breakdown of fund assets by asset class

Asset class	Amount in EUR	Proportion (%)
I. Assets	149,479,041.54	100.31
1. Bonds	131,012,197.58	87.92
Interest-bearing securities	131,012,197.58	87.92
2. Derivatives	1,515,647.82	1.01
Forward exchange contracts	1,301,529.77	0.87
Futures	214,118.05	0.14
3. Bank deposits	2,888,468.13	1.94
Bank balances in EUR	1,399,323.99	0.94
Balances in EU/EEA currencies	1,319,736.27	0.89
Balances in non-EU/EEA currencies	169,407.87	0.11
4. Other assets	14,062,728.01	9.44
II. Liabilities	-469,541.11	-0.31
Other liabilities	-469,541.11	-0.31
III. Fund assets	149,009,500.43	100.00*

* The rounding of percentages in the calculation may result in minor rounding differences.

Annual Report of Nomura Real Return Fonds as at 31/03/2017

List of assets

31/03/2017

ISIN	Security description	Units, shares or currency	Holding as at 31/03/2017	Purchases/ Inflows		Sales/ Outflows		Price	Market value in EUR	% of fund assets
				during the reporting period						
	Exchange-traded securities								125,219,653.25	84.03
	Interest-bearing securities								125,219,653.25	84.03
	EUR								10,909,677.74	7.32
	<i>Government bonds</i>								8,975,214.88	6.02
DE0001030575	0.100% Federal Rep. Germany Inflation-indexed. Inv. 2015(46)*	EUR	500,000	1,400,000	4,140,000	116.8650	%	585,812.49	0.39	
FR0013140035	0.100% France EO-Infl.Index-Lkd OAT 2016(21)*	EUR	6,500,000	6,500,000	600,000	105.3850	%	6,850,928.06	4.60	
IT0004085210	2.100% Italy, Republic of EO-Infl.Idx Lkd B.T.P.2006(17)*	EUR	1,500,000	0	0	102.2020	%	1,538,474.33	1.03	
	<i>Other bonds/Industry</i>								1,934,462.86	1.30
XS0163771396	2.450% SNCF Réseau EO Infl. Lkd MTN 2003(23)*	EUR	1,590,000	0	0	117.5680	%	1,934,462.86	1.30	
	CAD								2,039,016.31	1.37
	<i>Government bonds</i>								2,039,016.31	1.37
CA135087XQ21	3.000% Canada CD-Inflation-Ind. Bonds 2003(36)*	CAD	720,000	0	80,000	144.3790	%	786,357.60	0.53	
CA135087WV25	4.000% Canada CD-Inflation-Ind. Bonds 1999(31)*	CAD	1,040,000	0	120,000	150.6850	%	1,252,658.71	0.84	
	DKK								8,038,536.39	5.39
	<i>Government bonds</i>								8,038,536.39	5.39
DK0009922916	0.100% Denmark, Kingdom of DK-Inflation Lkd Gov.Bds 2011(23)*	DKK	55,300,000	3,600,000	18,600,000	107.7580	%	8,038,536.39	5.39	
	GBP								31,489,096.39	21.13

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ISIN	Security description	Units, shares or currency	Holding as at 31/03/2017	Purchases/ Inflows	Sales/ Outflows	Price	Market value in EUR	% of fund assets
				during the reporting period				
	Government bonds						31,489,096.39	21.13
GB00B0CNHZ09	1.250% United Kingdom LS-Index-Lkd.Treas.St. 2005(55)*	GBP	1,700,000	2,100,000	400,000	257.8400 %	6,322,140.74	4.24
GB00B128DH60	1.250% United Kingdom LS-Index-Lkd.Treas.St. 2006(27)*	GBP	2,330,000	900,000	0	138.3730 %	4,154,599.89	2.79
GB00B1Z5HQ14	1.875% United Kingdom LS-Index-Lkd.Treas.St. 2007(22)*	GBP	1,510,000	0	4,190,000	127.5800 %	2,394,181.06	1.61
GB00B3Y1JG82	0.125% United Kingdom LS-Inflat.Lkd.Treas.St. 2011(29)*	GBP	1,500,000	0	0	127.2250 %	2,287,809.37	1.53
GB00B46CGH68	0.750% United Kingdom LS-Inflat.Lkd.Treas.St. 2011(34)*	GBP	1,330,000	0	0	150.1520 %	2,446,781.86	1.64
GB00B85SFQ54	0.125% United Kingdom LS-Inflat.Lkd.Treas.St. 2012(24)*	GBP	1,520,000	0	0	118.4680 %	2,136,676.36	1.43
GB00B73ZYW09	0.250% United Kingdom LS-Inflat.Lkd.Treas.St. 2012(52)*	GBP	2,990,000	40,000	1,130,000	191.0550 %	6,988,046.70	4.69
GB00BY5F144	0.125% United Kingdom LS-Inflat.Lkd.Treas.St. 2015(26)*	GBP	1,700,000	1,700,000	0	121.3180 %	2,423,320.13	1.63
GB00BYVP4K94	0.125% United Kingdom LS-Inflat.Lkd.Treas.St. 2016(56)*	GBP	1,000,000	1,000,000	0	199.5080 %	2,335,540.28	1.57
	SEK						1,488,590.21	1.00
	Government bonds						1,488,590.21	1.00
SE0000556599	3.500% Sweden, Kingdom of SK-Infl.Idx Lkd Obl. 1998(28)*	SEK	3,800,000	0	1,700,000	157.1279 %	679,727.46	0.46
SE0004211084	0.250% Sweden, Kingdom of SK-Inflat.Lkd Obl. 2011(22)*	SEK	6,900,000	0	2,500,000	111.7059 %	808,862.75	0.54
	USD						71,254,736.21	47.82
	Government bonds						71,254,736.21	47.82
US912810FH69	3.875% United States of America DL-Inflation-Ind. Bonds 1999(29)*	USD	4,350,000	0	0	138.5859 %	6,384,905.95	4.28
US912810FR42	2.375% United States of America DL-Inflation-Prot. Secs 2004(25)*	USD	1,720,000	1,720,000	0	115.5078 %	1,929,378.92	1.29
US912810FS25	2.000% United States of America DL-Infl-Prot Sec 2006(26)*	USD	6,700,000	6,700,000	2,000,000	113.6602 %	7,311,096.35	4.91
US912810PV44	1.750% United States of America DL-Inflation-Prot. Secs 2008(28)*	USD	8,660,000	5,960,000	0	113.2969 %	9,344,612.48	6.27
US912810PZ57	2.500% United States of America DL-Inflation-Ind. Nts 2009(29)*	USD	8,380,000	0	0	122.5391 %	9,832,097.13	6.60
US912810QF84	2.125% United States of America DL-Inflation-Prot. Secs 2010(40)*	USD	5,750,000	0	0	126.5820 %	6,981,400.87	4.69
US912810QV35	0.750% United States of America DL-Inflation-Prot. Secs 2012(42)*	USD	8,700,000	8,700,000	7,300,000	96.5742 %	7,834,839.75	5.26
US912828UX60	0.125% United States of America DL-Inflation-Prot. Secs 2013(18)*	USD	1,800,000	0	1,200,000	100.8867 %	1,698,624.90	1.14
US912828UH11	0.125% United States of America DL-Inflation-Prot. Secs 2013(23)*	USD	2,200,000	0	0	100.0938 %	2,058,968.22	1.38

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ISIN	Security description	Units, shares or currency	Holding as at 31/03/2017	Purchases/ Inflows		Sales/ Outflows		Price	Market value in EUR	% of fund assets
				during the reporting period						
US912828C996	0.125% United States of America DL-Inflation-Prot. Secs 2014(19)*	USD	8,000,000	0	2,000,000	101.5117	%	7,596,943.22	5.10	
US912810RF75	1.375% United States of America DL-Inflation-Prot. Secs 2014(44)*	USD	3,950,000	2,650,000	0	110.7461	%	4,106,587.68	2.76	
US912828K338	0.125% United States of America DL-Inflation-Prot. Secs 2015(20)*	USD	6,500,000	5,400,000	0	101.5547	%	6,175,280.74	4.14	
	Securities admitted to or included in organised markets							2,185,456.35	1.47	
	Interest-bearing securities							2,185,456.35	1.47	
	JPY							2,185,456.35	1.47	
	Government bonds							2,185,456.35	1.47	
JP11201417C2	1.200% Japan YN-Infl.Idx Lkd Bds 2007(17)*	JPY	250,000,000	0	0	104.0830	%	2,185,456.35	1.47	
	Unlisted securities							3,607,087.98	2.42	
	Interest-bearing securities							3,607,087.98	2.42	
	NZD							3,607,087.98	2.42	
	Government bonds							3,607,087.98	2.42	
NZLIIBDT002C2	2.065% New Zealand, Government of... ND-Inflation Lkd Bds 2012(25)*	NZD	5,260,000	0	660,000	104.9210	%	3,607,087.98	2.42	
	Total securities							131,012,197.58	87.92	

* These securities are inflation-linked bonds.

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Security description	Market	Units, shares or currency	Holding as at 31/03/2017	Purchases/ Inflows	Sales/ Outflows	Price	Market value in EUR	% of fund assets
				during the reporting period				
Derivatives								
Holdings with a minus sign are sold positions.								
Interest rate derivatives							214,118.05	0.14
Interest rate futures contracts							214,118.05	0.14
FUTURE Long Gilt Futures (No.7) 06.17	EUL	Quantity	116				306,512.34	0.20
FUTURE Long Term Ultra US Treasury Bd Futures 06.17	CBOT	Quantity	-72				-46,281.15	-0.03
FUTURE U.S.A. Treasury Bond (Long) Futures 06.17	CBOT	Quantity	-69				-43,848.76	-0.03
FUTURE Ultra 10Yr. U.S. Treasury Note Futures 06.17	CBOT	Quantity	-70				-2,264.38	0.00
Foreign currency derivatives							1,301,529.77	0.87
Receivables/liabilities								
Forward exchange contracts (Sale)							1,301,529.77	0.87
CAD/EUR 23/06/17	OTC	CAD	-3,500,000.00				-7,141.65	-0.01
DKK/EUR 23/06/17	OTC	DKK	-62,000,000.00				2,077.74	0.00
GBP/EUR 07/04/17	OTC	GBP	-25,500,000.00				352,978.21	0.24
GBP/EUR 07/04/17	OTC	GBP	-4,000,000.00				-57,231.91	-0.04
EUR/JPY 16/06/17	OTC	EUR	-88,700.00				2,282.90	0.00
EUR/USD 07/04/17	OTC	EUR	-9,500.00				-148.42	0.00
JPY/EUR 11/12/17	OTC	JPY	-258,000,000.00				-33,235.41	-0.02
NZD/EUR 23/06/17	OTC	NZD	-5,400,000.00				-6,188.49	0.00
SEK/EUR 26/06/17	OTC	SEK	-15,200,000.00				1,093.90	0.00
USD/EUR 07/04/17	OTC	USD	-43,000,000.00				674,578.73	0.45
USD/EUR 07/04/17	OTC	USD	-30,800,000.00				481,851.27	0.32
USD/EUR 07/04/17	OTC	USD	-11,000,000.00				-109,387.10	-0.07

Annual Report of Nomura Real Return Fonds as at 31/03/2017

Security description	Market	Units, shares or currency	Holding as at 31/03/2017	Purchases/	Sales/ Outflows	Price	Market value in EUR	% of fund assets
				Inflows				
				during the reporting period				
Bank deposits							2,888,468.13	1.84
Bank deposits							2,888,468.13	1.94
EUR balances at:							1,399,323.99	0.94
Deutsche Apotheker- und Ärztbank (Depositary)		EUR	1,399,323.99				1,399,323.99	0.94
Balances in EU/EEA currencies							1,319,736.27	0.89
Deutsche Apotheker- und Ärztbank (Depositary)		DKK	4,916.20				661.11	0.00
Deutsche Apotheker- und Ärztbank (Depositary)		GBP	245,373.90				286,886.36	0.20
Deutsche Apotheker- und Ärztbank (Depositary)		ISK	124,582,000.00				1,031,304.96	0.69
Deutsche Apotheker- und Ärztbank (Depositary)		SEK	8,439.97				883.84	0.00
Balances in non-EU/EEA currencies							169,407.87	0.11
Deutsche Apotheker- und Ärztbank (Depositary)		AUD	251.32				179.25	0.00
Deutsche Apotheker- und Ärztbank (Depositary)		CAD	10,123.66				7,097.35	0.00
Deutsche Apotheker- und Ärztbank (Depositary)		JPY	540,025.00				4,531.17	0.01
Deutsche Apotheker- und Ärztbank (Depositary)		NZD	29,075.68				19,003.71	0.01
Deutsche Apotheker- und Ärztbank (Depositary)		USD	148,235.77				138,596.39	0.09
Other assets							14,062,728.01	9.44
Receivables from issued shares *		EUR	547,294.36				547,294.36	0.34
Variation margin		EUR	92,394.29				92,394.29	0.06
Interest receivables		EUR	13,423,039.36				13,423,039.36	9.01
Liabilities							-469,541.11	-0.31
Other liabilities							-469,541.11	-0.31
Depositary fees		EUR	-5,850.00				-5,850.00	0.00
Audit fees		EUR	-6,450.00				-6,450.00	0.00
Other fees		EUR	-7,350.00				-7,350.00	0.00

Annual Report of Nomura Real Return Funds as at 31/03/2017

Security description	Market	Units, shares or currency	Holding as at 31/03/2017	Purchases/ Sales/ Outflows		Price	Market value in EUR	% of fund assets
				Inflows				
				during the reporting period				
Variation margin		EUR	-306,512.33				-306,512.33	-0.21
Liabilities arising from redeemed shares *		EUR	-29,918.56				-29,918.56	-0.02
Publication expenses		EUR	-13,860.00				-13,860.00	-0.01
Depositary fees		EUR	-14,283.88				-14,283.88	-0.01
Management fees		EUR	-85,316.34				-85,316.34	-0.06
Fund assets						EUR	149,009,500.43	100.00**
Fund assets share class - Class R / EUR						EUR	145,466,675.64	
Unit value share class - Class R / EUR						EUR	588.21	
Shares in circulation share class - Class R / EUR						Shares	247,303.000	
Fund assets unit class - Class I / JPY						JPY	10,959,527.12	
Unit value share class - Class I / JPY						JPY	10,959.53	
Shares in circulation share class - Class I / JPY						Shares	1,000.000	
Fund assets unit class - Class I / EUR						EUR	3,441,374.85	
Unit value share class - Class I / EUR						EUR	101.22	
Shares in circulation share class - Class I / EUR						Shares	34,000.000	
Fund assets unit class - Class I / USD						USD	10,152.35	
Unit value share class - Class I / USD						USD	101.52	
Shares in circulation share class - Class I / USD						Shares	100.000	

* Not yet valued transactions

** The rounding of percentages in the calculation may result in minor rounding differences.

Annual Report of Nomura Real Return Fonds as at 31/03/2017

Security description	Units, shares or currency	Purchases/ Inflows	Sales/ Outflows				
		during the reporting period					
Transactions during the reporting period, insofar as these no longer appear in the assets listed:							
Purchases and sales of securities, investment units and borrowers' notes (market allocation on the reporting date)							
Exchange-traded securities							
Interest-bearing securities							
DE0001030567	0.100% Federal Rep. Germany Inflation-indexed. Inv. 2015(26)	EUR	0	600,000			
FR0010447367	1.800% France EO-Infl.Index-Lkd OAT 2007(40)	EUR	1,000,000	1,000,000			
GB00BDX8CX86	0.125% United Kingdom LS-Inflat.Lkd.Treas.St. 2013(68)	GBP	0	500,000			
GB00BP9DLZ64	0.125% United Kingdom LS-Inflat.Lkd.Treas.St. 2014(58)	GBP	0	670,000			
IT0004380546	2.350% Italy, Republic of EO-Infl.Idx Lkd B.T.P.2008(19)	EUR	0	2,200,000			
XS0203493878	1.445% Kreditanst.f.Wiederaufbau Infl.Lkd.EO-MTN 2004(16)	EUR	0	200,000			
ES00000126W8	0.550% Spain EO-Bonos Ind. Inflación 2014(19)	EUR	0	1,300,000			
Securities admitted to or included in organised markets							
Interest-bearing securities							
JP1120111743	1.200% Japan YN-Infl.Idx Lkd Bds 2007(17)	JPY	0	700,000,000			

Annual Report of Nomura Real Return Fonds as at 31/03/2017

Security description	Units, shares or currency	Purchases/ Inflows	Sales/ Outflows	Volume in '000s
		during the reporting period		
Derivatives trading				
(Option premiums received in opening transactions or volume of option transactions. Purchases and sales in the case of warrants.)				
Futures contracts				
Interest rate futures contracts				
Contracts bought	EUR			53,805
(Underlying instrument[s]: Long Gilt Futures (No.7))				
Contracts sold	EUR			30,096
(Underlying instrument[s]: Long Term Ultra US Treasury Bd Futures, U.S. TREA.BOND (LONG) FUT)				
Forward exchange contracts (Sale)				
CAD - EUR	EUR			10,372
DKK - EUR	EUR			35,853
GBP - EUR	EUR			248,562
JPY - EUR	EUR			16,458
NZD - EUR	EUR			14,623
SEK - EUR	EUR			7,397
USD - EUR	EUR			493,516
Forward exchange contracts (Buy)				
GBP - EUR	EUR			7,625
USD - EUR	EUR			12,467

Annual Report of Nomura Real Return Fonds as at 31/03/2017

The proportion of securities transactions executed during the reporting period for account of the investment fund through brokers that are closely related companies and persons was 9.33 per cent. This corresponds to a volume of EUR 9,033,278.72 out of a total of EUR 96,855,359.53.

Annual Report of Nomura Real Return Fonds as at 31/03/2017

Statement of operations (including income equalisation) for the period from 01/04/2016 to 31/03/2017

Share class – Class R / EUR	Total value in EUR	Per share in EUR
I. Income		
1. Interest from domestic securities	5,128.54	0.02
2. Interest from foreign securities (before withholding tax)	1,518,695.70	6.14
3. Interest from domestic liquidity investments	420.95	0.00
4. Interest from financial innovations	3,606,054.70	14.58
Total income	5,130,299.89	20.74
II. Expenses		
1. Interest on borrowing	-17,086.15	-0.07
2. Management fee	-1,038,591.88	-4.20
3. Depositary fee	-171,656.13	-0.69
4. Auditing and publication expenses	-44,399.99	-0.18
5. Other expenses	-79,033.17	-0.32
Total expenses	-1,350,767.32	-5.46
III. Ordinary net income	3,779,532.57	15.28
IV. Disposals		
1. Realised gains	11,811,668.14	47.76
2. Realised losses	-12,557,595.96	-50.77
Gain/loss on disposals	-745,927.82	-3.01
V. Annual realised results	3,033,604.75	12.27
1. Net change in unrealised gains	918,005.46	3.71
2. Net change in unrealised losses	4,344,758.69	17.57
VI. Annual unrealised results	5,262,764.15	21.28
VII. Profit/loss for the financial year	8,296,368.90	33.55

Annual Report of Nomura Real Return Fonds as at 31/03/2017

Change in the value of the investment fund

Share class - Class R / EUR	in EUR	in EUR
I. Value of fund assets at the start of the financial year		130,674,283.38
1. Distributions for previous year		-3,830,270.00
2. Interim distributions		0.00
3. Net cash inflow/outflow		10,788,912.02
a) Cash inflow from issued shares	50,811,509.43	
b) Cash outflows for redeemed units	-40,022,597.41	
4. Income/expense equalisation		-462,618.66
5. Profit/loss for the financial year		8,296,368.90
of which unrealised gains	918,005.46	
of which unrealised losses	4,344,758.69	
II. Value of fund assets at the end of the financial year		145,466,675.64

Annual Report of Nomura Real Return Funds as at 31/03/2017

Utilisation of fund earnings

Share class - Class R / EUR	Total value in EUR	Per share in EUR
Calculation of the distribution		
I. Available for distribution	16,180,110.28	65.43
1. Carryforward from the previous year	13,146,505.53	53.16
2. Annual realised results	3,033,604.75	12.27
II. Not used for distribution	13,707,080.28	55.43
1. To be carried forward to new account	13,707,080.28	55.43
III. Total distribution	2,473,030.00	10.00
1. Final distribution	2,473,030.00	10.00
a) Cash distribution	2,473,030.00	10.00

Comparative overview of the last three financial years

Share class - Class R / EUR Financial year	Fund assets in EUR	share value in EUR
31/03/2014	184,115,950	558.27
31/03/2015	180,248,015	598.24
31/03/2016	130,674,283	571.09
31/03/2017	145,466,676	588.21

Annual Report of Nomura Real Return Fonds as at 31/03/2017

Statement of operations (including income equalisation)

for the period from 01/04/2016 to 31/03/2017

Share class - Class I / JPY	Total value in JPY	Per share in JPY
I. Income		
1. Interest from domestic securities	379.57	0.38
2. Interest from foreign securities (before withholding tax)	113,108.62	113.11
3. Interest from domestic liquidity investments	30.96	0.03
4. Interest from financial innovations	267,000.85	267.00
Total income	380,520.00	380.52
II. Expenses		
1. Interest on borrowing	-1,285.64	-1.29
2. Management fee	-21,750.00	-21.75
3. Depositary fee	-13,002.00	-13.00
4. Auditing and publication expenses	-3,277.32	-3.28
5. Other expenses	-5,850.39	-5.85
Total expenses	-45,165.35	-45.17
III. Ordinary net income	335,354.65	335.35
IV. Disposals		
1. Realised gains	2,134,762.51	2,134.76
2. Realised losses	-1,948,774.26	-1,948.77
Gain/loss on disposals	185,988.25	185.99
V. Annual realised results	521,342.90	521.34
1. Net change in unrealised gains	-298,367.02	-298.36
2. Net change in unrealised losses	284,041.44	284.04
VI. Annual unrealised results	-14,325.58	-14.32

Annual Report of Nomura Real Return Fonds as at 31/03/2017

VII. Profit/loss for the financial year	507,017.32	507.02
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Change in the value of the investment fund

Share class - Class I / JPY	in JPY	in JPY
I. Value of fund assets at the start of the financial year		10,615,735.00
1. Distributions for previous year		-273,540.00
2. Interim distributions		0.00
3. Net cash inflow/outflow		110,314.80
a) Cash inflow from issued shares	110,314.80	
b) Cash outflow for redeemed shares	0.00	
4. Income adjustment/cost compensation		0.00
5. Profit/loss for the financial year		507,017.32
of which unrealised gains	-298,367.02	
of which unrealised losses	284,041.44	
II. Value of fund assets at the end of the financial year		10,959,527.12

Annual Report of Nomura Real Return Fonds as at 31/03/2017

Utilisation of fund earnings

Share class - Class I / JPY	Total value in JPY	Per share in JPY
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Calculation of the distribution

I. Available for distribution	1,682,666.33	1,682.67
1. Carryforward from the previous year	1,161,323.43	1,161.33
2. Annual realised results	521,342.90	521.34
II. Not used for distribution	1,532,666.33	1,532.67
1. To be carried forward to new account	1,532,666.33	1,532.67
III. Total distribution	150,000.00	150.00
1. Final distribution	150,000.00	150.00
a) Cash distribution	150,000.00	150.00

Comparative overview of the last three financial years*

Share class - Class I / JPY Financial year	Fund assets in JPY	Share value in JPY
31/03/2014 (short financial year)	10,028,335	10,028.00
31/03/2015	10,932,223	10,932.00
31/03/2016	10,615,735	10,616.00
31/03/2017	10,959,527	10,959.53

*The Nomura Real Return Fonds Class I/JPY was launched on 28/02/2014.

Annual Report of Nomura Real Return Fonds as at 31/03/2017

Statement of operations (including income equalisation)

for the period from 20/01/2017 to 31/03/2017

Share class – Class I / EUR	Total value in EUR	Per share in EUR
I. Income		
1. Interest from domestic securities	2.40	0.00
2. Interest from foreign securities (before withholding tax)	6,986.82	0.21
3. Interest from financial innovations	-26,952.24	-0.79
Total income	-19,963.02	-0.58
II. Expenses		
1. Interest on borrowing	-190.31	0.00
2. Management fee	-2,268.69	-0.07
3. Depositary fee	-807.91	-0.02
4. Auditing and publication expenses	-523.21	-0.02
5. Other expenses	-1,226.57	-0.04
Total expenses	-5,016.69	-0.15
III. Ordinary net income	-24,979.71	-0.73
IV. Disposals		
1. Realised gains	25,976.02	0.76
2. Realised losses	-25,797.27	-0.76
Gain/loss on disposals	178.75	0.00
V. Annual realised results for the short financial year	-24,800.96	-0.73
1. Net change in unrealised gains	46,022.10	1.35
2. Net change in unrealised losses	-13,011.69	-0.38
VI. Annual unrealised results for the short financial year	33,010.41	0.97
VII. Profit/loss for the short financial year	8,209.45	0.24

Annual Report of Nomura Real Return Fonds as at 31/03/2017

Change in the value of the investment fund

Share class – Class I / EUR	in EUR	in EUR
I. Value of fund assets at the start of the short financial year		0.00
1. Distributions for previous year		0.00
2. Interim distributions		0.00
3. Net cash flow/outflow		3,434,611.00
a) Cash inflow from issued shares	3,434,611.00	
b) Cash outflow for redeemed shares	0.00	
4. Income/expense equalisation		-1,445.60
5. Result for the short financial year		8,209.45
of which unrealised gains	46,022.10	
of which unrealised losses	-13,011.69	
II. Value of fund assets at the end of the short financial year		3,441,374.85

Annual Report of Nomura Real Return Fonds as at 31/03/2017

Utilisation of fund earnings

Share class - Class I / EUR	Total value in EUR	Per share in EUR
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Calculation of the distribution

I. Available for distribution	0.00	0.00
1. Carryforward from the previous year	0.00	0.00
2. Annual realised results for the short financial year	-24,800.96	-0.73
3. Contribution from the Fund*	24,800.96	0.73
II. Not used for distribution	0.00	0.00
1. To be carried forward to new account	0.00	0.00
III. Total distribution	0.00	0.00
1. Final distribution	0.00	0.00
a) Cash distribution	0.00	0.00

* Due to the negative result for the financial year, a contribution from the fund was made.

Comparative overview of the last three financial years*

Share class - Class I / EUR Financial year	Fund assets in EUR	Share value in EUR
31/03/2017 (short financial year)	3,441,375	101.22

*The Nomura Real Return Fonds Class I/EUR was launched on 20/01/2017.

Annual Report of Nomura Real Return Fonds as at 31/03/2017

Statement of operations (including income equalisation) for the period from 20/01/2017 to 31/03/2017

Share class – Class I / USD	Total value in USD	Per share in USD
I. Income		
1. Interest from domestic securities	0.01	0.00
2. Interest from foreign securities (before withholding tax)	20.73	0.21
3. Interest from financial innovations	-80.86	-0.81
Total income	-60.12	-0.60
II. Expenses		
1. Interest on borrowing	-0.57	-0.00
2. Management fee	-6.90	-0.07
3. Depositary fee	-2.63	-0.03
4. Auditing and publication expenses	-1.56	-0.01
5. Other expenses	-3.68	-0.04
Total expenses	-15.34	-0.15
III. Ordinary net income	-75.46	-0.75
IV. Disposals		
1. Realised gains	248.22	2.48
2. Realised losses	-76.08	-0.76
Gain/loss on disposals	172.14	1.72
V. Annual realised results for the short financial year	96.68	0.97
1. Net change in unrealised gains	243.66	2.43
2. Net change in unrealised losses	-187.99	-1.88
VI. Annual unrealised results for the short financial year	55.67	0.55
VII. Profit/loss for the short financial year	152.35	1.52

Annual Report of Nomura Real Return Fonds as at 31/03/2017

Change in the value of the investment fund

Share class – Class I / USD	in USD	in USD
I. Value of fund assets at the start of the short financial year		0.00
1. Distributions for previous year		0.00
2. Interim distributions		0.00
3. Net cash flow/outflow		10,000.00
a) Cash inflow from issued shares	10,000.00	
b) Cash outflow for redeemed shares	0.00	
4. Income/expense equalisation		0.00
5. Result for the short financial year		152.35
of which unrealised gains	243.66	
of which unrealised losses	-187.99	
II. Value of fund assets at the end of the short financial year		10,152.35

Annual Report of Nomura Real Return Fonds as at 31/03/2017

Utilisation of fund earnings

Share class – Class I / USD	Total value in USD	Per share in USD
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Calculation of the distribution

I. Available for distribution	96.68	0.97
1. Carryforward from the previous year	0.00	0.00
2. Annual realised results for the short financial year	96.68	0.97
II. Not used for distribution	96.68	0.97
1. To be carried forward to new account	96.68	0.97
III. Total distribution	0.00	0.00
1. Final distribution	0.00	0.00
a) Cash distribution	0.00	0.00

Comparative overview of the last three financial years*

Share class – Class I / USD Financial year	Fund assets in USD	share value in USD
31/03/2017 (short financial year)	10,152	101.52

* The Nomura Real Return Fonds Class I/USD was launched on 20/01/2017.

Annual Report of Nomura Real Return Fonds as at 31/03/2017

Investment fund Nomura Real Return Fonds

Share class – Class R / EUR

Minimum investment amount	n/a
Fund launch	20/10/2004
Front-end load	2%
Redemption fee	is not charged
Management fee p.a.	currently 0.72% p.a.
Denomination	Global certificate
Appropriation of income	distributing
currency	EUR
ISIN	DE0008484361

Share class - Class I / JPY

Minimum investment amount	JPY 10,000,000
Fund launch	28/02/2014
Front-end load	0%
Redemption fee	is not charged
Management fee p.a.	currently 0.20% p.a.
Denomination	Global certificate
Appropriation of income	distributing
currency	JPY (Hedged)
ISIN	DE000A1XDWZ3

Annual Report of Nomura Real Return Fonds as at 31/03/2017

Share class – Class I / EUR

Minimum investment amount	EUR 1,000,000
Fund launch	20/01/2017
Front-end load	2%
Redemption fee	is not charged
Management fee p.a.	currently 0.35% p.a.
Denomination	Global certificate
Appropriation of income	distributing
currency	EUR
ISIN	DE000A1XDW21

Share class – Class I / USD

Minimum investment amount	USD 1,000,000
Fund launch	20/01/2017
Front-end load	2%
Redemption fee	is not charged
Management fee p.a.	currently 0.35% p.a.
Denomination	Global certificate
Appropriation of income	distributing
currency	USD (hedged)
ISIN	DE000A1XDW39

Annual Report of Nomura Real Return Fonds as at 31/03/2017

Appendix pursuant to §7 No. 9 of the German Capital Investment Accounting and Valuation Ordinance ("KARBV")

Information pursuant to the German Derivatives Ordinance

Underlying exposure obtained through derivatives

EUR 172,001,956.20

Counterparties in derivatives transactions

Barclays Bank PLC
Chicago - Chicago Board of Trade (CBOT)
Deutsche Bank AG (London)
Eurex – Frankfurt/Zurich
JP Morgan Chase Bank
London – ICE Fut. Europe (EUL)
Merrill Lynch International

Total collateral received in connection with derivatives

EUR -306,512.33

Of which:

Bank deposits

EUR -306,512.33

Securities holdings as a percentage of fund assets

87.92

Derivatives holdings as a percentage of fund assets

1.01

Pursuant to the German Derivatives Ordinance, the utilisation of the market risk ceiling for this investment fund was calculated in accordance with the qualified approach using a reference portfolio.

Annual Report of Nomura Real Return Fonds as at 31/03/2017

Composition of reference portfolio (§37 Para. 5 DerivateV)

Derivative-free investment fund	100%	01/04/2016 to	31/03/2017			
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Potential value at risk for market risk pursuant to §37 Para. 4 sentence 2 DerivateV

Smallest potential value at risk	2.37%	(23/03/2017)				
Largest potential value at risk	3.45%	(01/09/2016)				
Average potential value at risk	2.87%					

Risk model (§10 DerivateV)

Monte Carlo Simulation

Parameters (§11 DerivateV)

10-day holding period, 99% confidence level

The average scope of leverage achieved during the financial year through derivative transactions is 2.13.

Other information

Fund assets share class - Class R / EUR					EUR	145,466,675.64
Unit value share class - Class R / EUR					EUR	588.21
Shares in circulation share class - Class R / EUR					Shares	247,303.000
Fund assets share class - Class I / JPY					JPY	10,959,527.12
Unit value share class - Class I / JPY					JPY	10,959.53
Shares in circulation share class - Class I / JPY					Shares	1,000.000
Fund assets share class - Class I / EUR					EUR	3,441,374.85
Unit value share class - Class I / EUR					EUR	101.22
Shares in circulation share class - Class I / EUR					Shares	34,000.000
Fund assets share class – Class I / USD					USD	10,152.35
Unit value share class – Class I / USD					USD	101.52
Shares in circulation share class – Class I / USD					Shares	100.000

Annual Report of Nomura Real Return Fonds as at 31/03/2017

Specification of procedures for the valuation of assets

The assets of the investment fund are valued on the basis of the German Capital Investment Accounting and Valuation Ordinance at the following prices/market rates:

Type of security	Region	Valuation date	§27 Valuation at tradeable prices	§28 Valuation using valuation models	§32 Special issues for the valuation of equity interests	§29 Special issues for investment units, bank balances and liabilities
Bonds						
	Domestic	31/03/2017	0.39%			
	Europe	31/03/2017	34.45%			
	Asia	31/03/2017	1.47%			
	Australia	31/03/2017	2.42%			
	North America	31/03/2017	49.19%			
Derivatives - Futures						
	Europe	31/03/2017	0.20%			
	North America	31/03/2017	-0.06%			
Derivatives – Forward exchange contracts						
		31/03/2017		0.87%		
Other assets						
		31/03/2017				11.07%
			88.06%	0.87%		11.07%

The percentage figures indicate the share of individual assets relative to the total fund assets.

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The valuation principles of the company are based on Sections 26–28 of the German Capital Investment Accounting and Valuation Ordinance ("KARBV").

The valuation of the assets is made by the depositary. The principles applied by the depositary for the valuation of the asset positions are documented by the depositary and submitted to the capital management company. On each valuation date, the valuations provided by the depositary undergo specified plausibility checks to identify irregularities at the capital management company. At the reporting date, all valuation sources quoted by the depositary continued to be documented and archived at the capital management company.

Assets that are admitted to trading on a stock exchange or other organised market or included in such are valued at the latest available tradeable prices. Investment units are valued at the previous-day prices of the companies. The prices of the Depositary are generally obtained from ValueLink Information Services. If no price is provided by ValueLink Information Services, prices provided by known rate providers (e.g. Bloomberg or Reuters) can be used.

If the fund is invested in products for which no tradeable price is available at the reporting date, the valuation of the assets is made on the basis of external valuation models (e.g. DCF method), which are used by independent price providers (e.g. Value & Risk).

Bank deposits and existing receivables are valued at their current nominal value. Existing liabilities are valued at the amounts payable.

Exchange rates	as at	31/03/2017					
Australian dollar	(AUD)	1.402050	=	EUR 1			
British pound sterling	(GBP)	0.855300	=	EUR 1			
Canadian dollar	(CAD)	1.426400	=	EUR 1			
Danish krone	(DKK)	7.436300	=	EUR 1			
Icelandic krona	(ISK)	120.800350	=	EUR 1			
Japanese yen	(JPY)	119.180000	=	EUR 1			
New Zealand dollar	(NZD)	1.530000	=	EUR 1			
Swedish krona	(SEK)	9.549250	=	EUR 1			
US dollar	(USD)	1.069550	=	EUR 1			

Market codes

Futures market

Chicago - Chicago Board of Trade (CBOT)

London – ICE Futures Europe (EUL)

Over-the-Counter (OTC)

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Total cost ratio (Ongoing Charges Figure (OCF))

The total cost ratio expresses the sum of all costs and charges (excluding transaction costs, including target fund costs) as a percentage of the average fund volume within a financial year.

Share class – Class R / EUR	0.93%
Share class - Class I / JPY	0.40%
Share class – Class I / EUR	0.16%
Share class – Class I / USD	0.15%

No flat-rate payments were made to the Management Company or third parties.

The capital management company receives no portion of the fees and reimbursements of expenses paid to the depositary or third parties from the investment fund. From the management fee that it receives, the Company shall pay remuneration to intermediaries of shares of the fund for the portfolio of shares held.

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Other significant income and expenses

Share class – Class R / EUR

The other expenses consist of EUR 30,100.30 from depository fees.

Share class - Class I / JPY

The other expenses consist of JPY 2,251.55 from depository fees.

Share class – Class I / EUR

The other expenses consist of EUR 71.14 from depository fees.

Share class – Class I / USD

The other expenses consist of USD 0.21 from depository fees.

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Transaction costs (total of additional acquisition costs (incidental acquisition costs) and costs from the sale of assets)

The costs arising from transaction conversions carried out for the account of the Fund during the reporting period amount to EUR 69,013.95.

The transaction costs include counterparty fees, delivery fees and exchange fees, as well as taxes and commissions. In some types of transactions (such as annuity transactions), settlement commissions are not shown separately, but are already reflected in the respective price and are therefore not included in the above fee.

During the reporting period, no transactions were entered into pursuant to Regulation (EU) 2015/2365 on securities lending transactions.

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Information on employee remuneration (in EUR '000s/TEUR)

Total employee remuneration paid by the capital management company in the past financial year	TEUR 3,903
of which fixed remuneration	TEUR 2,986
of which variable remuneration	TEUR 916
Number of employees of the capital management company (including managers) as at 31 March 2017 (number)	33
Total remuneration paid by the capital management company to managers and other risk takers in the past financial year	TEUR 1,399
of which managers	TEUR 1,265
of which other risk takers	TEUR 0
of which employees with control functions	TEUR 134
of which employees in the same remuneration category	TEUR 0

The term 'manager' includes all managers among the risk takers.

Description of the method for calculating the remuneration and any other benefits

The total remuneration comprises a fixed basic salary and an additional variable component (bonus).

The bonus is calculated on the basis of the achievement of the employee's objectives, the performance of the company and the performance of the Group.

Results of the annual review of the remuneration policy

The company's independent remuneration committee, which is comprised of members of the owner, of the Supervisory Board and of the HR department, has reviewed and confirmed the remuneration provisions ahead of the annual meeting.

Annual Report of Nomura Real Return Fonds as at 31/03/2017

Frankfurt am Main, 17 July 2017

Nomura Asset Management Deutschland KAG mbH

Andreas Körner

Magnus Fielko

Annual Report of Nomura Real Return Fonds as at 31/03/2017

Auditor's report

To Nomura Asset Management Deutschland KAG mbH

Nomura Asset Management Deutschland KAG mbH instructed us to examine, in accordance with Section 102 of the German Investment Code (KAGB), the annual report of the investment fund Nomura Real Return Fonds for the financial year from 1 April 2016 to 31 March 2017.

Responsibility of the legal representatives

The preparation of the annual report in accordance with the requirements of the KAGB is the responsibility of the legal representatives of the capital management company.

Responsibility of the auditor

Our responsibility is to express an opinion on the annual report based on our audit. We conducted our audit in accordance with Section 102 of the KAGB and German generally accepted standards for the audit of financial statements issued by the German Institute of Public Auditors (Institut der Wirtschaftsprüfer, IDW). These standards require that we plan and perform our audit so that misstatements materially affecting the annual report are detected with reasonable assurance. Knowledge of the management of the investment fund and expectations of potential misstatements are taken into account when determining the audit procedures. Within the framework of the audit, the efficacy of the accounting-related internal control system and the evidence for the data presented in the annual report are evaluated mainly on the basis of random tests. The audit includes the assessment of the accounting principles used for the annual report and the material estimates of the legal representatives of the capital management company. We are of the opinion that our audit forms a reasonable basis for our audit assessment.

Audit opinion

In our opinion, based on the knowledge gained during our audit, the annual report for the financial year from 1 April 2016 to 31 March 2017 complies with the statutory provisions.

Eschborn / Frankfurt am Main 17 July 2017

Ernst & Young GmbH

Auditing company

Kruskop	Malsch
Auditor	Auditor

Annual Report of Nomura Real Return Fonds as at 31/03/2017

*This annual report is a translation of the original German version. In the event of discrepancies, the German version prevails.

NOMURA

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