NEPTUNE INVESTMENT FUNDS

Annual Short Report

31 December 2012

Neptune Cautious Managed Fund
Neptune China Fund
Neptune European Income Fund
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NEPTUNE INVESTMENT MANAGEMENT LIMITED

neptune
Invest in depth

Contents

Investment Objective and Policy

The investment objective of the Neptune Cautious Managed Fund is to generate a combination of income and capital growth by investing conservatively in a diversified portfolio of equities, bonds and other fixed income/interest securities. At all times the Sub-Fund will be managed so it complies with the requirements of the IMA Cautious Managed Sector.

Other eligible asset classes may include collective investment schemes, other transferable securities, cash or near cash, deposits and money market instruments.

It is anticipated that derivative instruments and forward transactions may be used by the ACD for efficient portfolio management.

The portfolio will be managed to ensure that the Sub-Fund is at all times eligible to qualify and to be included in an Individual Savings Account.

Risk and Reward Profile

The Risk and Reward Indicator table demonstrates where the Sub-Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Sub-Fund. The shaded area in the table below shows the Sub-Fund's ranking on the Risk and Reward Indicator.

Typically lower rewards, lower risk ← → **Typically higher rewards, higher risk**

1	2	**3**	4	5	6	7

- This Sub-Fund is ranked at 3 because funds of this type have experienced low to medium rises and falls in value in the past. Please note that even the lowest risk ranking can lose you money and that extreme market circumstances can mean you suffer severe losses in all cases. The indicator does not take into account the following risks of investing in this Sub-Fund:
- Bonds are affected by changes in interest rates, inflation and any decline in creditworthiness of the bond issuer. Bonds that produce a higher level of income usually also carry greater risk as such bond issuers may have difficulty in paying their debts.
- This Sub-Fund holds a limited number of investments. If one of these investments falls in value this can have a greater impact on the Sub-Fund's value than if it held a larger number of investments.
- Investing overseas can bring additional returns and spread risk to different markets. There are risks, however, that changes in currency rates will reduce the value of your investment.

Fund Facts

Accounting and Distribution Dates

Accounting dates	Distribution dates
30 June 31 December	31 August 28 February

Ongoing Charge Figure (OCF), this table replaces the TER table due to regulation change
The total ongoing charge figure (OCF) per share class are as follows:

Date	Share Class	Operating expenses (excluding transaction charge)† %	Transaction charges payable to the Depositary* %	Ongoing Charge Figure (OCF)** %
31.12.12	A Income	2.00	0.26	2.26
	A Accumulation	2.00	0.18	2.18
	B Income	2.00	0.19	2.19
	B Accumulation	2.00	0.17	2.17

†Operating expenses includes annual management charge and other expenses. The operating expenses for all share classes are currently capped to 2.00% by the ACD. This capping may cease at any time.

*The transaction charges payable to the Depositary are not included in the expenses cap.

**The OCF shows the annual expenses of the Sub-Fund as a percentage of the average net asset value, it helps you compare the annual expenses to different schemes.

Summary

Fund Performance

Share Class	Net Asset Value as at 31.12.12 pence per share	Net Asset Value as at 31.12.11 pence per share	Net Asset Value % change
A Income	97.98	98.19	(0.21)
A Accumulation	105.5	103.4	2.03
B Income	102.3	100.8	1.49
B Accumulation	105.6	103.5	2.03

Distributions

Share class	Total distribution (p) for the year to 31.12.12	Total distribution (p) for the year to 31.12.11
A Income	2.2468	2.1148
A Accumulation	2.3736	2.1939
B Income	2.3100	2.1349
B Accumulation	2.3770	2.1967

Comparative Tables

Calendar Year	A Income shares		A Accumulation shares	
	Highest buying price (p)	Lowest selling price (p)	Highest buying price (p)	Lowest selling price (p)
2010	103.3	101.8	103.5	100.0
2011	104.1	94.48	108.2	98.42
2012	101.7	96.52	107.1	101.6

Calendar Year	B Income shares		B Accumulation shares	
	Highest buying price (p)	Lowest selling price (p)	Highest buying price (p)	Lowest selling price (p)
2010	103.5	101.9	107.3	105.4
2011	104.6	95.47	108.3	98.51
2012	104.8	99.84	107.3	101.8

Summary (continued)

Net Asset Value

Date	31.12.12		31.12.11	
Net Asset Value (£)	988,075		1,219,947	
Share Class	Number of shares in issue	Net asset value per share (p)	Number of shares in issue	Net asset value per share (p)
A Income	3,071	97.98	6,392	98.19
A Accumulation	290,451	105.5	468,023	103.4
B Income	1,000	102.3	1,000	100.8
B Accumulation	641,500	105.6	704,000	103.5

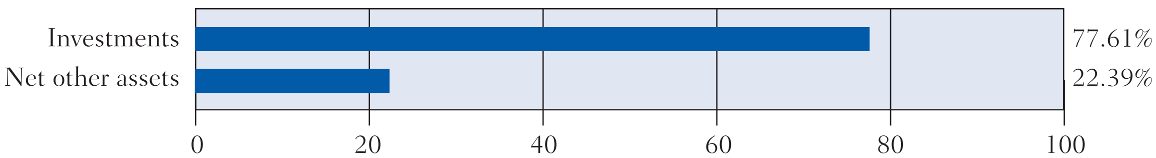
Risk Warning

Please remember that past performance should not be seen as a guide to future performance and that the value of an investment in an OEIC and the income from it can fall as well as rise and may be affected by exchange rate variations.

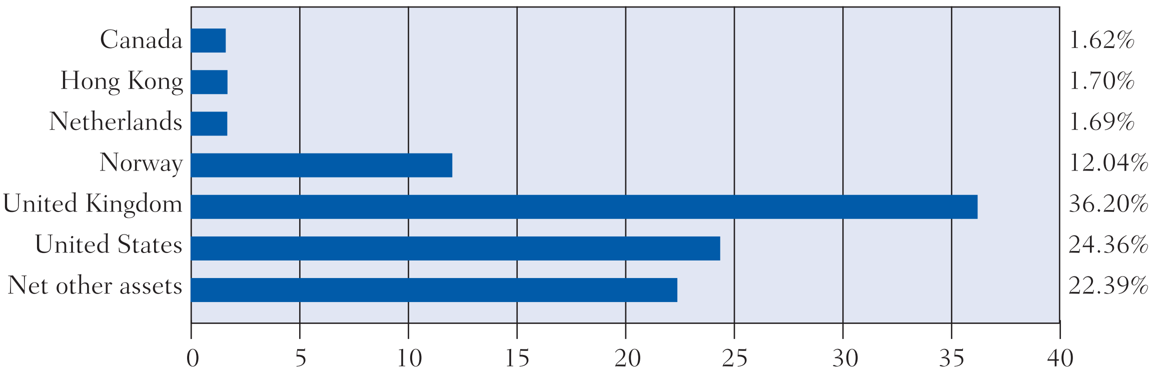
Ten Largest Holdings
as at 31 December 2012

	% of net assets
Norway Government Bond 5.00% 15/05/2015	8.46
US Treasury 3.125% 31/10/2016	5.88
Smiths	1.92
US Treasury 2.125% 15/08/2021	1.89
Norway Government Bond 4.25% 19/05/2017	1.87
Halma	1.85
Compass	1.83
Standard Chartered	1.83
British Land	1.82
JPMorgan Chase	1.78

Classification of Investments
as at 31 December 2012



Geographical Spread of Investments
as at 31 December 2012



Investment Manager's Report
as for the year ended 31 December 2012

The period under review was a turbulent year for markets, driven both by significant political and economic events. It was a positive year overall with strong first, third and fourth quarters being partially offset by a weak second quarter resulting in the FTSE All-Share Index returning 12.30%. Over the course of the year, the Neptune Cautious Managed Sub-Fund returned 1.83% versus the IMA Mixed Investments 20-60% Shares sector average return of 8.46%.*

This year can be split into three distinct periods: firstly the start of year rally driven by the Long-Term Refinancing Operation (LTRO): secondly the re-emergence of European sovereign risk in the second quarter which resulted in a weak market until Mario Draghi (European Central Bank President) announced the Outright Monetary Transactions (OMT), and thirdly the US election and 'fiscal cliff'. In the bond market, low rates forced investors to move further down the credit quality scale in search of yield, with large returns from sub-investment grade bonds. The sub-investment grade bond rally was given further impetus by better economic data and continued benign credit quality, and further inflows into fixed income funds. Towards the end of the year, better economic data from the US, Europe and China offset concerns over the 'fiscal cliff'.

The Neptune Cautious Managed Sub-Fund remained fully weighted (close to 60%) in equities during the year, reflecting our conviction that equities represented a compelling investment opportunity. We bought positions in stocks predominantly based in the UK and other developed markets, with some exposure to what we believe are the best emerging economy growth opportunities. In what was a good year for equities, the Sub-Fund suffered from its bias towards more defensive, larger quality equity names, as well as exposure to US treasuries and Norwegian government bonds. The high quality nature of the portfolio was demonstrated by its outperformance in the more difficult second quarter.

Going into 2013, we have become more positive on issues surrounding the Eurozone, while both the US and China have been showing further positive data. Emerging markets growth is becoming increasingly reliant on domestic factors and trade with one another, which should help to rebalance the global economy and lead to longer term sustainable growth. In line with this outlook, we maintain positions in large global industry leaders with exposure to the emerging markets, long-term growth drivers and what we believe are compelling valuations. We are also rebalancing our fixed income portfolio from government to corporate bonds, as we believe that company balance sheets will continue to strengthen as the global economy recovers.

**Source: Lipper, A Accumulation share class performance, IMA Mixed Investments 20-60% Shares sector, in sterling with no initial charges, net income reinvested to 31.12.12. The performance of other share classes may differ. Past performance is not a guide for future performance. The value of an investment and any income from it can fall as well as rise as a result of market and currency fluctuations and you may not get back the original amount invested. Neptune funds are not tied to replicating a benchmark and holdings can therefore vary from those in the index quoted. For this reason the comparison index should be used for reference only. Neptune funds may invest more than 35% in government and public securities in a number of jurisdictions. Forecasts are not a reliable indicator of future performance. Any views expressed are those of Neptune as at the date of issue and we do not undertake to advise you as to any changes in our views.*

Please note: Ian Sealey became Fund Manager of this Sub-Fund on 1 January 2013.

Investment Objective and Policy

The investment objective of the Neptune China Fund is to generate capital growth from investment predominantly in Chinese securities, or in the securities issued by companies transacting a significant proportion of their business in China.

Other eligible asset classes may include collective investment schemes, other transferable securities, cash or near cash, deposits and money market instruments.

It is anticipated that derivative instruments and forward transactions may be used by the ACD for efficient portfolio management.

It is the intention to be near-fully invested at all times, however the Sub-Fund has the facility to take tactical positions in cash or near cash should the ACD feel it appropriate.

The portfolio will be managed to ensure that the Sub-Fund is at all times eligible to qualify and to be included in an Individual Savings Account.

Risk and Reward Profile

The Risk and Reward Indicator table demonstrates where the Sub-Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Sub-Fund. The shaded area in the table below shows the Sub-Fund's ranking on the Risk and Reward Indicator.

Typically lower rewards, lower risk ← → **Typically higher rewards, higher risk**

1	2	3	4	5	6	7

- This Sub-Fund is ranked at 7 because funds of this type have experienced very high rises and falls in value in the past. Please note that even the lowest risk ranking can lose you money and that extreme market circumstances can mean you suffer severe losses in all cases. The indicator does not take into account the following risks of investing in this Sub-Fund:
- Investing overseas can bring additional returns and spread risk to different markets. There are risks, however, that changes in currency rates will reduce the value of your investment.
- Emerging markets or less developed countries may face more political, economic or structural challenges than developed countries. This means your money may be at greater risk.
- This Fund holds a limited number of investments. If one of these investments falls in value this can have a greater impact on the Sub-Fund's value than if it held a larger number of investments.

Fund Facts

Accounting and Distribution Dates

Accounting dates	Distribution dates
30 June 31 December	31 August 28 February

Ongoing Charge Figure (OCF), this table replaces the TER table due to regulation change
The total ongoing charge figure (OCF) per share class are as follows:

Date	Share Class	Operating expenses (excluding transaction charge)† %	Transaction charges payable to the Depositary* %	Ongoing Charge Figure (OCF)** %
31.12.12	A Accumulation	1.89	0.03	1.92
	B Accumulation	1.39	0.03	1.42
	C Accumulation	2.50	0.03	2.53
	B Accumulation USD	1.46	0.03	1.49

†Operating expenses includes annual management charge and other expenses. The operating expenses for all share classes are currently capped to 2.50% by the ACD. With effect from January 2013 the operating expenses of the C share class will be capped at 1.00%. Any or all capping may cease at any time.

*The transaction charges payable to the Depositary are not included in the expenses cap.

**The OCF shows the annual expenses of the Sub-Fund as a percentage of the average net asset value, it helps you compare the annual expenses to different schemes.

Summary

Fund Performance

Share Class	Net Asset Value as at 31.12.12 pence per share	Net Asset Value as at 31.12.11 pence per share	Net Asset Value % change
A Accumulation	274.1	241.0	13.73
B Accumulation	282.5	247.2	14.28
C Accumulation†	108.0	—	—
B Accumulation USD	64.06	56.10	14.19

†Launched 3 October 2012.

Distributions

Share class	Total distribution (p/¢) for the year to 31.12.12	Total distribution (p/¢) for the year to 31.12.11
A Accumulation	1.3366p	0.0948p
B Accumulation	2.1004p	1.1228p
C Accumulation†	—	—
B Accumulation USD	0.7111¢	0.3533¢

†Launched 3 October 2012.

Comparative Tables

Calendar Year	A Accumulation shares		B Accumulation shares	
	Highest buying price (p)	Lowest selling price (p)	Highest buying price (p)	Lowest selling price (p)
2010	327.2	235.4	333.7	239.2
2011	332.4	221.8	339.3	227.2
2012	277.0	235.8	284.4	242.6

Calendar Year	C Accumulation shares†		B Accumulation shares USD	
	Highest buying price (p)	Lowest selling price (p)	Highest buying price (¢)	Lowest selling price (¢)
2010	—	—	122.4	86.34
2011	—	—	125.5	79.30
2012	108.5	99.78	104.1	85.56

†Launched 3 October 2012.

Summary (continued)

Net Asset Value

Date	31.12.12		31.12.11	
Net Asset Value (£)	78,991,944		77,315,653	
Share Class	Number of shares in issue	Net asset value per share (p)	Number of shares in issue	Net asset value per share (p)
A Accumulation	17,558,635	274.1	21,207,033	241.0
B Accumulation	8,464,613	282.5	8,239,069	247.2
C Accumulation†	307,535	108.0	—	—
B Accumulation USD	10,344,011	64.06	10,410,994	56.10

†Launched 3 October 2012.

Risk Warning

Please remember that past performance should not be seen as a guide to future performance and that the value of an investment in an OEIC and the income from it can fall as well as rise and may be affected by exchange rate variations.

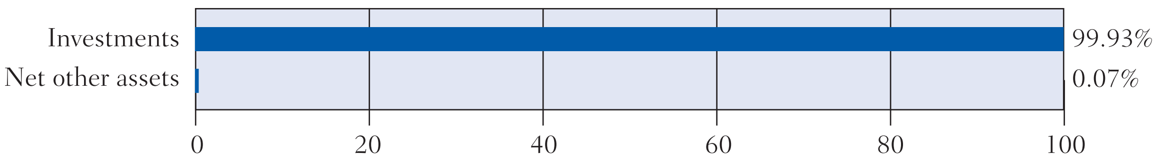
Ten Largest Holdings

as at 31 December 2012

	% of net assets
CNOOC	4.45
PetroChina	4.40
China Minsheng Banking	4.25
Bank of China	4.08
Baidu ADR	3.83
CITIC Securities	3.65
Sands China	3.64
Tencent	3.64
Industrial & Commercial Bank of China	3.59
China State Construction International	2.67

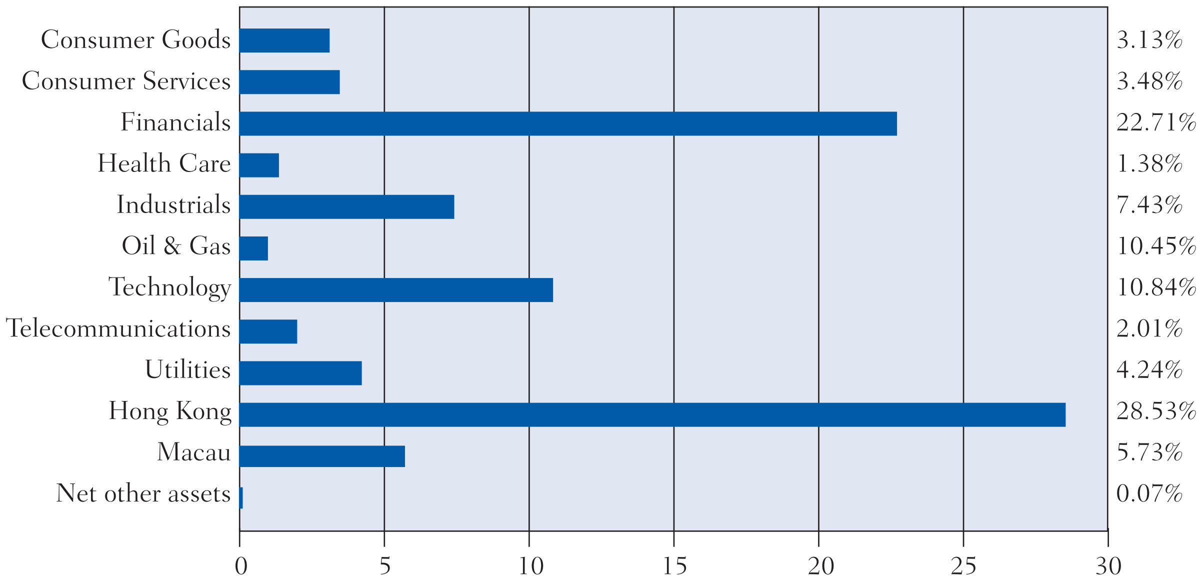
Classification of Investments

as at 31 December 2012



Geographical/Sector Spread of Investments

as at 31 December 2012



Investment Manager's Report

as for the year ended 31 December 2012

The Neptune China Sub-Fund returned 13.52% in 2012 versus the MSCI China Index return of 17.69% and the IMA China/Greater China sector average gain of 14.47%. Since inception in 2004, the Sub-Fund has returned 175.40%, outperforming the IMA sector average gain of 169.30%.*

The first quarter of 2012 opened with high expectations of stimulus activity by the Chinese government, mainly due to a raft of data which continued to point towards a gradual slowdown in the economy. This, along with the continuation of the global liquidity-driven rally in risk assets, started the year off with strong market performance. However, as the expected stimulus did not materialise, this rally waned into March, and Chinese economic data continued to be weaker than expected, weighing on the MSCI China Index.

In January and February, the Neptune China Sub-Fund did not seek to aggressively chase the rally, given that we saw it as running too far ahead of the actual improvements. That said, we maintained our belief that Beijing would be able to continue managing the economy to avoid a 'hard landing'. As such, we saw selective opportunities for adjustments in our holdings. We added a construction firm and a cement manufacturer, as well as an industrial gasses and a gas distribution company. Reflecting both our near-term optimism for China's domestic stockmarket performance to end its negative run, and our long-term belief in the opportunities arising from capital market developments on the mainland, we also bought into the dominant domestic brokerage firm.

As the half-year progressed, we continued to use market weakness to increase our 'pro-growth' stance. This saw us gradually increase our exposure to the policy-sensitive financials sector by very selectively adding quality banks, such as Bank of China Hong Kong. We also added two property developers trading on low multiples. Whilst the consumer sector remains a long-term structural overweight in the Sub-Fund, it was slightly pared back through a few sales of businesses facing a combination of weaker end-demand and stronger competition.

The third quarter of 2012 was disappointing for Chinese equity markets. Whilst European Central Bank Head Mario Draghi's Outright Monetary Transactions and the US Federal Reserve's announcement of Quantitative Easing 3 helped ease global concerns, investors remained cautious of Chinese equities. Towards the end of the year, however, our view that China's economic outcome would remain benign after 18 months of slowing began to be vindicated. Data started to improve as easier monetary conditions and Beijing's accommodative fiscal stance began to read through into economic indicators. This saw manufacturing, Purchasing Managers' Indices, industrial production and profits, and retail sales growth data all turn positive.

Against this more positive backdrop, the Neptune China Sub-Fund performed solidly, with our overweight in property boosting returns as strong housing transaction volumes at the end of the year aided performance. Two technology stocks were, however, impacted by concerns both over accountancy rules for Chinese stocks listed on American exchanges and also regarding their ability to monetise transitions in their business models. Although this held back performance in the final months of 2012, we maintain conviction in these innovative and cash generative companies and expect the strong recovery to continue into next year as these fears are assuaged.

**Source: Lipper, A Accumulation share class performance, IMA China/Greater China sector, in sterling with no initial charges, net income reinvested to 31.12.12. The performance of other share classes may differ. Past performance is not a guide for future performance. The value of an investment and any income from it can fall as well as rise as a result of market and currency fluctuations and you may not get back the original amount invested. References to specific securities are for illustration purposes only and should not be taken as a recommendation to buy or sell these securities. Neptune funds are not tied to replicating a benchmark and holdings can therefore vary from those in the index quoted. For this reason the comparison index should be used for reference only. Neptune funds may invest more than 35% in government and public securities in a number of jurisdictions. Forecasts are not a reliable indicator of future performance. Any views expressed are those of Neptune as at the date of issue and we do not undertake to advise you as to any changes in our views.*

Investment Objective and Policy

The investment objective of the Neptune European Income Fund is to generate rising levels of income with the potential of capital growth by investing predominantly in a portfolio of European securities, excluding UK securities, or in the securities issued by companies transacting a significant proportion of their business in Europe (excluding the UK) with a view to obtaining top quartile performance within the appropriate peer group.

Other eligible asset classes may include collective investment schemes, other transferable securities, cash or near cash, deposits and money market instruments.

It is anticipated that derivative instruments and forward transactions may be used by the ACD for efficient portfolio management.

It is the intention to be near-fully invested at all times, however the Sub-Fund has the facility to take tactical positions in cash or near cash should the ACD feel it appropriate.

The portfolio will be managed to ensure that the Sub-Fund is at all times eligible to qualify and to be included in an Individual Savings Account.

Risk and Reward Profile

The Risk and Reward Indicator table demonstrates where the Sub-Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Sub-Fund. The shaded area in the table below shows the Sub-Fund's ranking on the Risk and Reward Indicator.

Typically lower rewards, lower risk ← → Typically higher rewards, higher risk

1	2	3	4	5	6	7

- This Fund is ranked at 6 because funds of this type have experienced high rises and falls in value in the past. Please note that even the lowest risk ranking can lose you money and that extreme market circumstances can mean you suffer severe losses in all cases. The indicator does not take into account the following risks of investing in this Sub-Fund:
- Investing overseas can bring additional returns and spread risk to different markets. There are risks, however, that changes in currency rates will reduce the value of your investment.
- The level of income is not guaranteed.
- This Sub-Fund holds a limited number of investments. If one of these investments falls in value this can have a greater impact on the Sub-Fund's value than if it held a larger number of investments.

Fund Facts

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Date	Share Class	Operating expenses (excluding transaction charge)† %	Transaction charges payable to the Depositary* %	Ongoing Charge Figure (OCF)** %
31.12.12	A Income	2.00	0.40	2.40
	A Accumulation	2.00	0.33	2.33
	B Income	2.00	0.41	2.41
	B Accumulation	2.00	0.36	2.36

†Operating expenses includes annual management charge and other expenses. The operating expenses for all share classes are currently capped to 2.00% by the ACD. This capping may cease at any time.

*The transaction charges payable to the Depositary are not included in the expenses cap.

**The OCF shows the annual expenses of the Sub-Fund as a percentage of the average net asset value, it helps you compare the annual expenses to different schemes.

Summary

Fund Performance

Share Class	Net Asset Value as at 31.12.12 pence per share	Net Asset Value as at 31.12.11 pence per share	Net Asset Value % change
A Income	91.96	85.38	7.71
A Accumulation	103.0	92.88	10.90
B Income	96.40	87.72	9.90
B Accumulation	102.8	92.42	11.23

Distributions

Share class	Total distribution (p) for the year to 31.12.12	Total distribution (p) for the year to 31.12.11
A Income	2.6257	3.1042
A Accumulation	2.8522	3.2911
B Income	2.7029	2.7858
B Accumulation	2.8633	3.2868

Comparative Tables

Calendar Year	A Income shares		A Accumulation shares	
	Highest buying price (p)	Lowest selling price (p)	Highest buying price (p)	Lowest selling price (p)
2010	104.2	85.09	104.2	86.63
2011	98.65	78.63	104.5	84.45
2012	93.92	80.66	104.5	87.54

Calendar Year	B Income shares		B Accumulation shares	
	Highest buying price (p)	Lowest selling price (p)	Highest buying price (p)	Lowest selling price (p)
2010	104.2	85.05	104.2	86.63
2011	99.68	80.02	104.4	84.39
2012	98.43	83.59	104.3	87.37

Net Asset Value

Date	31.12.12		31.12.11	
Net Asset Value (£)	725,884		664,805	
Share Class	Number of shares in issue	Net asset value per share (p)	Number of shares in issue	Net asset value per share (p)
A Income	114,958	91.96	119,598	85.38
A Accumulation	23,505	103.0	24,171	92.88
B Income	1,000	96.40	1,000	87.72
B Accumulation	579,000	102.8	583,600	92.42

Risk Warning

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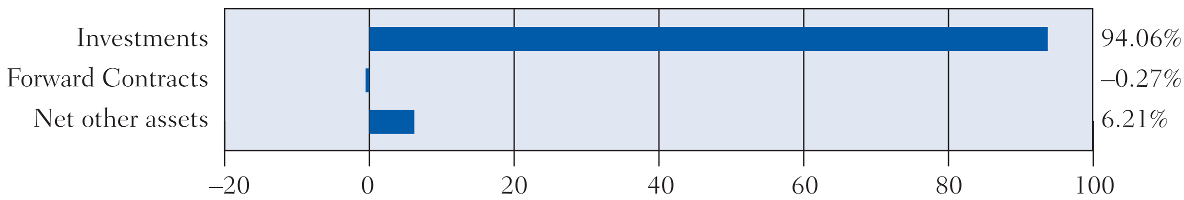
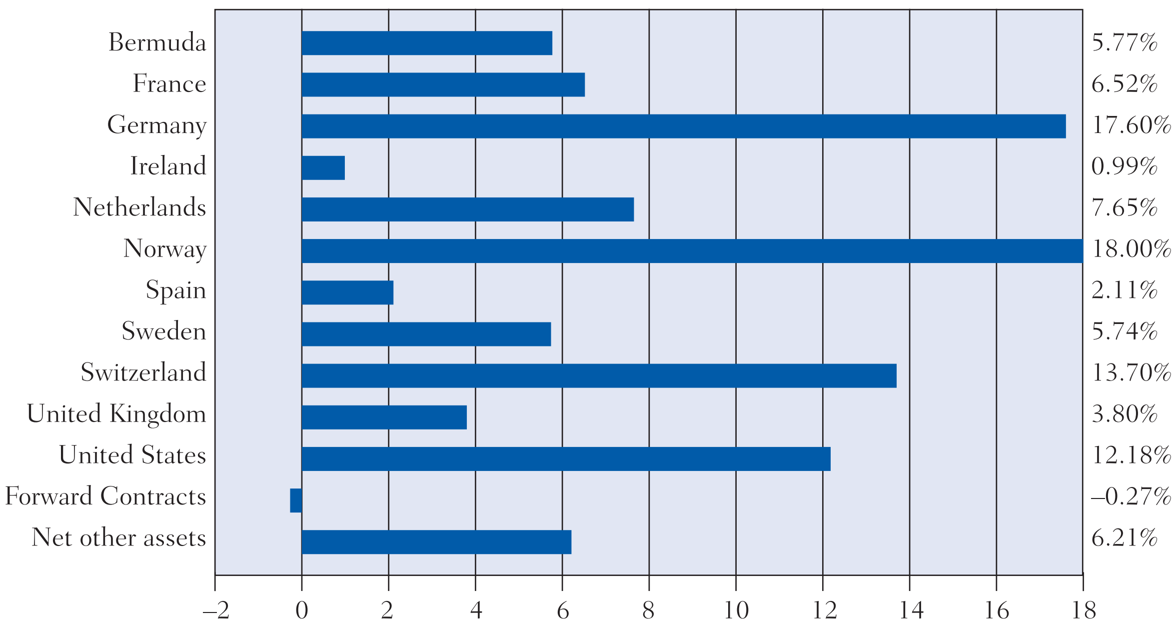
Ten Largest Holdings
as at 31 December 2012

	% of net assets
North Atlantic Drilling	5.77
BMW	4.49
BASF	4.46
Subsea 7	3.80
CF Industries	3.63
Henkel	3.61
Aker Solutions	3.45
Monsanto	3.44
Heineken	3.43
Syngenta	3.39

Classification of Investments
as at 31 December 2012



Geographical Spread of Investments
as at 31 December 2012



Investment Manager's Report

as for the year ended 31 December 2012

In 2012, we believe that good progress was made in Europe. In order to end the crisis, the periphery of Europe needs to close current account deficits and lower unit labour costs. All European Union (EU) countries at risk made good progress in this regard. This would suggest the European crisis is through the worst. However, despite the crisis showing signs of stabilisation and global growth recovering, scepticism remained very high, with few investors positioned for recovery.

At the beginning of 2012, we felt that there would be a return of risk aversion and positioned the Sub-Fund accordingly. We increased our cash allocation and exposure to defensive sectors, with consumer staples, healthcare and telecommunications making up the Sub-Fund's largest weightings. This decision was based on a number of factors, including the excess liquidity needed to help sovereigns, the waning strength of the US consumer and the low probability that China would initiate a stimulus package. However, equity markets began 2012 on a positive note as risk sentiment improved, driven largely by measures to improve liquidity. Given these market conditions, it was not surprising to see our overweights in defensive sectors and underweight exposure to banks hamper performance as growth-orientated sectors returned to favour.

Over the course of the second quarter, we became more optimistic about the trajectory of global growth. This was largely due to three elements that were combining to lift economic data: the first was the stabilisation of the euro crisis. The Greek vote on 17 June was a critical turning point not just for Europe but for the global economy. Prior to the vote, the risks surrounding the euro were sufficiently elevated to impact economic confidence globally. Mario Draghi's intervention also proved timely. The second element was favourable monetary policy. Every single major developed or emerging economy cut rates between August 2011 and the end of 2012, in some cases significantly. This has put a floor under global growth. The third element was lower inflation, which helped real income growth move in to positive territory during the summer. This benefit is being felt in most parts of the world, from the US to China to Germany.

Against this background, we increased our weighting in more economically sensitive sectors in anticipation of greater global growth. This saw us move to an overweight position in energy, materials, industrials, information technology and consumer discretionary. Our preferred themes included agriculture, luxury goods and oil services. We maintained conviction with the Sub-Fund's positioning over the course of the fourth quarter and further reduced our weighting in more defensive sectors – notably healthcare and consumer staples – in expectation of greater global growth.

However, despite the portfolio's pro-growth bias, the Sub-Fund underperformed the market in 2012, returning 11.95% against the MSCI Europe ex UK Index return of 17.16% and the IMA Europe ex UK sector average gain of 19.43%.* Much of this underperformance came from the first quarter, when the portfolio's defensive positioning saw us lag the benchmark. Some of our best contributors to performance came about in the third quarter, when we significantly outperformed the benchmark. The Neptune European Income Sub-Fund ended the year with a yield of 2.99%.*

**Source: Lipper, A Accumulation share class performance, IMA Europe ex UK sector, in sterling with no initial charges, net income reinvested to 31.12.12. The performance of other share classes may differ. Past performance is not a guide for future performance. The value of an investment and any income from it can fall as well as rise as a result of market and currency fluctuations and you may not get back the original amount invested. Neptune funds are not tied to replicating a benchmark and holdings can therefore vary from those in the index quoted. For this reason the comparison index should be used for reference only. Neptune funds may invest more than 35% in government and public securities in a number of jurisdictions. Forecasts are not a reliable indicator of future performance. Any views expressed are those of Neptune as at the date of issue and we do not undertake to advise you as to any changes in our views.*

Please note: James Hackman became Fund Manager of this Sub-Fund on 11 February 2013.

Investment Objective and Policy

The investment objective of the Neptune European Opportunities Fund is to generate capital growth by investing predominantly in a concentrated portfolio of securities selected from European markets, excluding the UK, with a view to attaining top quartile performance within the appropriate peer group.

Other eligible asset classes may include collective investment schemes, other transferable securities, cash or near cash, deposits and money market instruments.

It is anticipated that derivative instruments and forward transactions may be used by the ACD for efficient portfolio management.

It is the intention to be near-fully invested at all times, however, the Sub-Fund has the facility to take tactical positions in cash or near cash should the ACD feel it appropriate.

The portfolio will be managed to ensure that the Sub-Fund is at all times eligible to qualify and to be included in an Individual Savings Account.

Risk and Reward Profile

The Risk and Reward Indicator table demonstrates where the Sub-Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Sub-Fund. The shaded area in the table below shows the Fund's ranking on the Risk and Reward Indicator.

Typically lower rewards, lower risk ← → **Typically higher rewards, higher risk**

1	2	3	4	5	**6**	7

- This Sub-Fund is ranked at 6 because funds of this type have experienced high rises and falls in value in the past. Please note that even the lowest risk ranking can lose you money and that extreme market circumstances can mean you suffer severe losses in all cases. The indicator does not take into account the following risks of investing in this Sub-Fund:
- Investing overseas can bring additional returns and spread risk to different markets. There are risks, however, that changes in currency rates will reduce the value of your investment.
- This Sub-Fund holds a limited number of investments. If one of these investments falls in value this can have a greater impact on the Sub-Fund's value than if it held a larger number of investments.

Fund Facts

Accounting and Distribution Dates

Accounting dates	Distribution dates
30 June 31 December	31 August 28 February

Ongoing Charge Figure (OCF), this table replaces the TER table due to regulation change
The total ongoing charge figure (OCF) per share class are as follows:

Date	Share Class	Operating expenses (excluding transaction charge)† %	Transaction charges payable to the Depositary* %	Ongoing Charge Figure (OCF)** %
31.12.12	A Income	1.89	0.01	1.90
	A Accumulation	1.82	—	1.82
	B Income	1.31	—	1.31
	B Accumulation	1.33	0.01	1.34
	C Accumulation	0.97	—	0.97
	A Accumulation EUR	1.81	—	1.81
	B Accumulation EUR	1.32	—	1.32

†Operating expenses includes annual management charge and other expenses. The operating expenses for all share classes are currently capped to 2.50% by the ACD. This capping may cease at any time.

*The transaction charges payable to the Depositary are not included in the expenses cap.

**The OCF shows the annual expenses of the Sub-Fund as a percentage of the average net asset value, it helps you compare the annual expenses to different schemes.

Summary

Fund Performance

Share Class	Net Asset Value as at 31.12.12 pence per share	Net Asset Value as at 31.12.11 pence per share	Net Asset Value % change
A Income	315.9	290.8	8.63
A Accumulation	347.2	315.2	10.15
B Income	324.4	297.7	8.97
B Accumulation	362.3	327.1	10.76
C Accumulation†	104.3	—	—
A Accumulation EUR	107.6	97.63	10.21
B Accumulation EUR	109.4	98.81	10.72

†Launched 3 October 2012.

Distributions

Share class	Total distribution (p/¢) for the year to 31.12.12	Total distribution (p/¢) for the year to 31.12.11
A Income	3.6071p	3.0574p
A Accumulation	3.9954p	3.2688p
B Income	4.4690p	4.1740p
B Accumulation	4.9839p	4.5125p
C Accumulation†	0.0736p	—
A Accumulation EUR	1.5292¢	1.1464¢
B Accumulation EUR	1.8598¢	1.5047¢

†Launched 3 October 2012.

Comparative Tables

Calendar Year	A Income shares		A Accumulation shares	
	Highest buying price (p)	Lowest selling price (p)	Highest buying price (p)	Lowest selling price (p)
2010	332.0	292.4	356.7	314.3
2011	354.4	278.7	383.0	302.1
2012	321.8	263.7	353.7	285.9

Calendar Year	B Income shares		B Accumulation shares	
	Highest buying price (p)	Lowest selling price (p)	Highest buying price (p)	Lowest selling price (p)
2010	339.1	298.1	368.2	323.8
2011	362.6	285.1	396.7	313.2
2012	353.7	285.9	369.0	297.6

Calendar Year	C Accumulation shares†	
	Highest buying price (p)	Lowest selling price (p)
2012	106.2	97.02

†Launched 3 October 2012.

Summary (continued)

Comparative Tables (continued)

Calendar Year	A Accumulation EUR shares		B Accumulation EUR shares	
	Highest buying price (¢)	Lowest selling price (¢)	Highest buying price (¢)	Lowest selling price (¢)
2010	129.3	111.5	130.2	111.8
2011	135.9	107.3	136.9	108.5
2012	133.8	110.1	136.1	111.7

Net Asset Value

Date	31.12.12		31.12.11	
Net Asset Value (£)	749,576,589		948,738,593	
Share Class	Number of shares in issue	Net asset value per share (p)	Number of shares in issue	Net asset value per share (p)
A Income	8,318,665	315.9	20,084,127	290.8
A Accumulation	76,776,973	347.2	98,615,283	315.2
B Income	32,470,334	324.4	36,161,188	297.7
B Accumulation	37,517,270	362.3	74,525,694	327.1
C Accumulation†	8,793,469	104.3	—	—
A Accumulation EUR	111,258,415	107.6	125,536,727	97.63
B Accumulation EUR	79,123,485	109.4	106,818,539	98.81

Risk Warning

Please remember that past performance should not be seen as a guide to future performance and that the value of an investment in an OEIC and the income from it can fall as well as rise and may be affected by exchange rate variations.

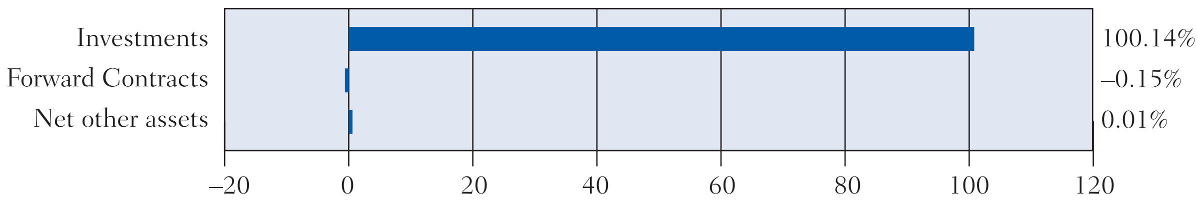
Ten Largest Holdings

as at 31 December 2012

	% of net assets
Banco Bilbao Vizcaya Argentaria	4.54
BNP Paribas	4.32
Banco Santander	3.85
Alfa Laval	3.50
Atlas Copco 'B'	3.26
Schneider Electric	3.17
AXA	3.15
Maersk	3.05
Deutsche Bank	2.91
Marine Harvest	2.89

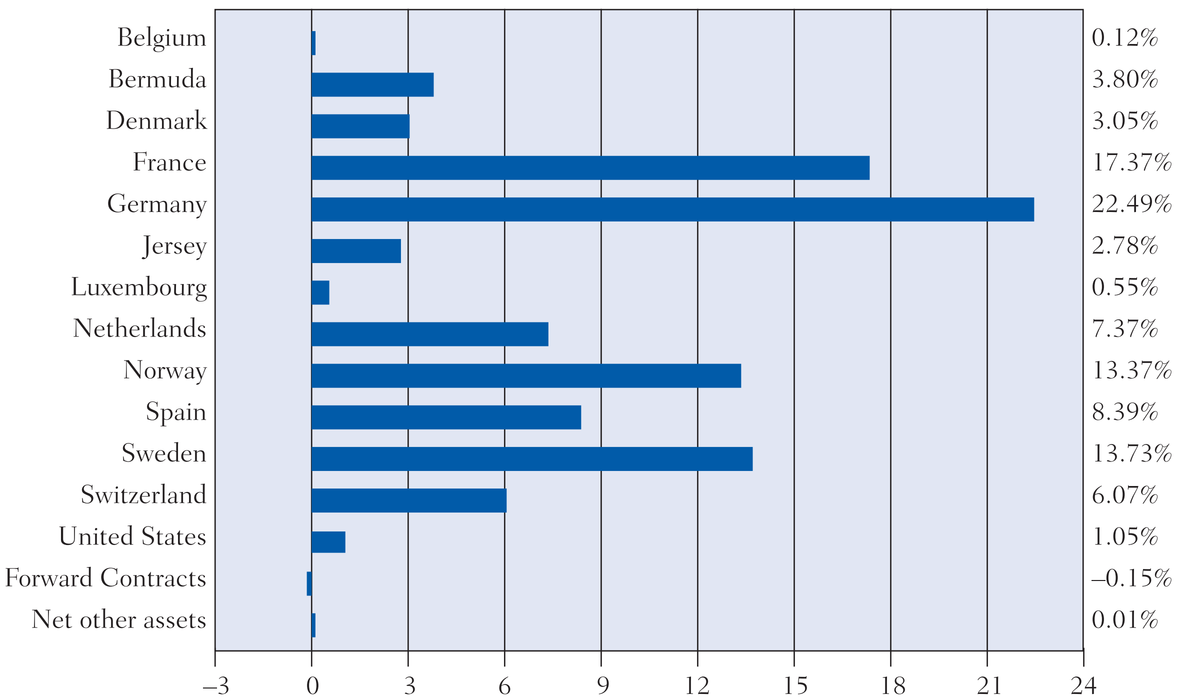
Classification of Investments

as at 31 December 2012



Geographical Spread of Investments

as at 31 December 2012



Investment Manager's Report

as for the year ended 31 December 2012

In 2012, we believe that good progress was made in Europe. In order to end the crisis, the periphery of Europe needs to close current account deficits and lower unit labour costs. All European Union (EU) countries at risk made good progress in this regard. This would suggest the European crisis is through the worst. However, despite the crisis showing signs of stabilisation and global growth recovering, scepticism remained very high, with few investors positioned for recovery.

At the beginning of 2012, we felt that there would be a return of risk aversion and positioned the Sub-Fund accordingly. We increased our cash allocation and exposure to defensive sectors, with consumer staples, healthcare and telecommunications making up the Sub-Fund's largest weightings. This decision was based on a number of factors, including the excess liquidity needed to help sovereigns, the waning strength of the US consumer and the low probability that China would initiate a stimulus package. However, equity markets began 2012 on a positive note as risk sentiment improved, driven largely by measures to improve liquidity. Given these market conditions, it was not surprising to see our overweights in defensive sectors and underweight exposure to banks hamper performance as growth-orientated sectors returned to favour.

Over the course of the second quarter, we became more optimistic about the trajectory of global growth. This was largely due to three elements that were combining to lift economic data: the first was the stabilisation of the euro crisis. The Greek vote on 17 June was a critical turning point not just for Europe but for the global economy. Prior to the vote, the risks surrounding the euro were sufficiently elevated to impact economic confidence globally. Mario Draghi's intervention also proved timely. The second element was favourable monetary policy. Every single major developed or emerging economy cut rates between August 2011 and the end of 2012, in some cases significantly. This has put a floor under global growth. The third element was lower inflation, which helped real income growth move in to positive territory during the summer. This benefit is being felt in most parts of the world, from the US to China to Germany.

Against this background, we increased our weighting in more economically sensitive sectors in anticipation of greater global growth. This saw us move to an overweight position in energy, materials, industrials, information technology and consumer discretionary. Our preferred themes included agriculture, luxury goods and oil services. We maintained conviction with the Sub-Fund's positioning over the course of the fourth quarter and further reduced our weighting in more defensive sectors – notably healthcare and consumer staples – in expectation of greater global growth.

However, despite the portfolio's pro-growth bias, the Sub-Fund underperformed the market in 2012, returning 11.10% against the MSCI Europe ex UK Index return of 17.16% and the IMA Europe ex UK sector average gain of 19.43%.* Much of this underperformance came from the first quarter, when the portfolio's defensive positioning saw us lag the benchmark. Some of our best contributors to performance came about in the third quarter, when we significantly outperformed the benchmark.

**Source: Lipper, A Accumulation share class performance, IMA Europe ex UK sector, in sterling with no initial charges, net income reinvested to 31.12.12. The performance of other share classes may differ. Past performance is not a guide for future performance. The value of an investment and any income from it can fall as well as rise as a result of market and currency fluctuations and you may not get back the original amount invested. Neptune funds are not tied to replicating a benchmark and holdings can therefore vary from those in the index quoted. For this reason the comparison index should be used for reference only. Neptune funds may invest more than 35% in government and public securities in a number of jurisdictions. Forecasts are not a reliable indicator of future performance. Any views expressed are those of Neptune as at the date of issue and we do not undertake to advise you as to any changes in our views.*

Investment Objective and Policy

The investment objective of the Neptune Global Alpha Fund is to generate a positive total return, from investment predominantly in equities and bonds, with a view to attaining top quartile performance amongst the relevant peer group.

There is no predetermined exposure to the two asset classes. There are also no constraints on the regional, sectorial or geographical allocation policy adopted by the Sub-Fund.

Other eligible asset classes may include collective investment schemes, other transferable securities, cash or near cash, deposits and money market instruments.

It is anticipated that derivative instruments and forward transactions may be used by the ACD for efficient portfolio management.

The Sub-Fund has the facility to take tactical positions in cash or near cash should the ACD feel it appropriate.

The portfolio will be managed to ensure that the Sub-Fund is at all times eligible to qualify and to be included in an Individual Savings Account.

Risk and Reward Profile

The Risk and Reward Indicator table demonstrates where the Sub-Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Sub-Fund. The shaded area in the table below shows the Sub-Fund's ranking on the Risk and Reward Indicator.

Typically lower rewards, lower risk ← → **Typically higher rewards, higher risk**

1	2	3	4	5	6	7

- This Sub-Fund is ranked at 6 because funds of this type have experienced high rises and falls in value in the past. Please note that even the lowest risk ranking can lose you money and that extreme market circumstances can mean you suffer severe losses in all cases. The indicator does not take into account the following risks of investing in this Sub-Fund:
- Investing overseas can bring additional returns and spread risk to different markets. There are risks, however, that changes in currency rates will reduce the value of your investment.
- Emerging markets or less developed countries may face more political, economic or structural challenges than developed countries. This means your money may be at greater risk.
- Bonds are affected by changes in interest rates, inflation and any decline in creditworthiness of the bond issuer. Bonds that produce a higher level of income usually also carry greater risk as such bond issuers may have difficulty in paying their debts.
- This Sub-Fund holds a limited number of investments. If one of these investments falls in value this can have a greater impact on the Sub-Fund's value than if it held a larger number of investments.

Fund Facts

Accounting and Distribution Dates

Accounting dates	Distribution dates
30 June 31 December	31 August 28 February

Ongoing Charge Figure (OCF), this table replaces the TER table due to regulation change
The total ongoing charge figure (OCF) per share class are as follows:

Date	Share Class	Operating expenses (excluding transaction charge)† %	Transaction charges payable to the Depositary* %	Ongoing Charge Figure (OCF)** %
31.12.12	A Accumulation	2.12	0.01	2.13
	B Accumulation	0.96	—	0.96

†Operating expenses includes annual management charge and other expenses. The operating expenses for all share classes are currently capped to 2.50% by the ACD. This capping may cease at any time.

*The transaction charges payable to the Depositary are not included in the expenses cap.

**The OCF shows the annual expenses of the Sub-Fund as a percentage of the average net asset value, it helps you compare the annual expenses to different schemes.

Summary

Fund Performance

Share Class	Net Asset Value as at 31.12.12 pence per share	Net Asset Value as at 31.12.11 pence per share	Net Asset Value % change
A Accumulation	256.5	244.9	4.74
B Accumulation	273.5	258.3	5.88

Distributions

Share class	Total distribution (p) for the year to 31.12.12	Total distribution (p) for the year to 31.12.11
A Accumulation	—	—
B Accumulation	1.5135	0.7299

Comparative Tables

Calendar Year	A Accumulation shares		B Accumulation shares	
	Highest buying price (p)	Lowest selling price (p)	Highest buying price (p)	Lowest selling price (p)
2010	291.5	219.2	304.5	227.6
2011	303.2	234.4	317.6	246.7
2012	278.1	239.2	293.8	253.6

Net Asset Value

Date	31.12.12		31.12.11	
Net Asset Value (£)	77,811,616		88,864,593	
Share Class	Number of shares in issue	Net asset value per share (p)	Number of shares in issue	Net asset value per share (p)
A Accumulation	29,040,899	256.5	34,009,178	244.9
B Accumulation	1,217,084	273.5	2,153,062	258.3

Risk Warning

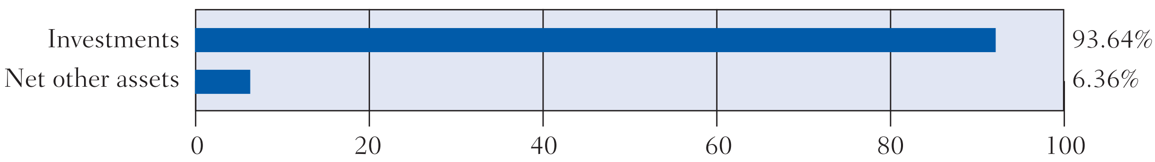
Please remember that past performance should not be seen as a guide to future performance and that the value of an investment in an OEIC and the income from it can fall as well as rise and may be affected by exchange rate variations.

Ten Largest Holdings
as at 31 December 2012

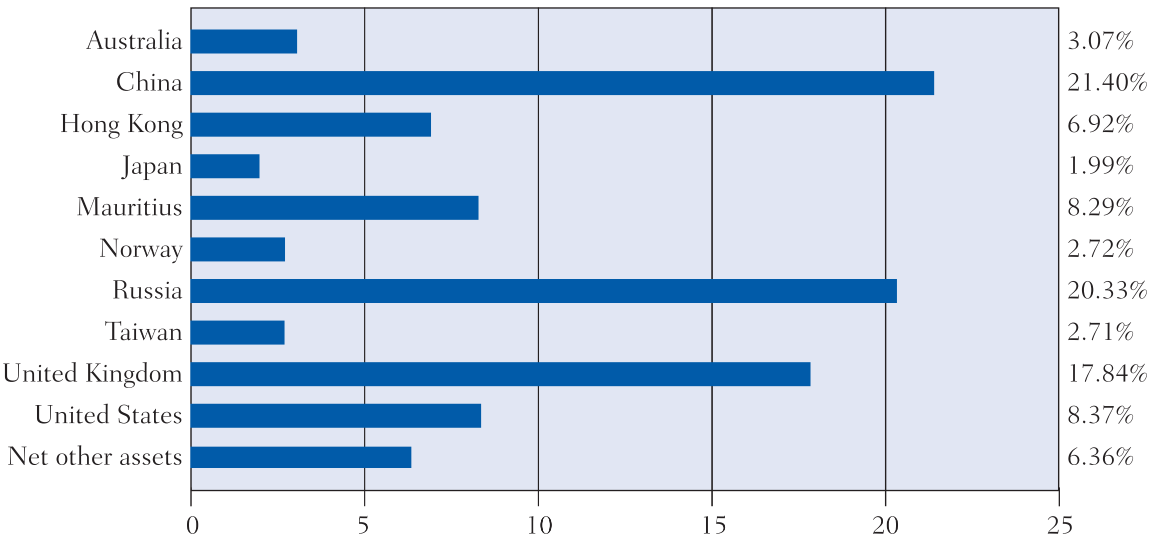
	% of net assets
State Bank of Mauritius	5.41
Tencent	4.43
Want Want China	4.36
Mandarin Oriental	4.01
Baidu ADR	3.96
China Life Insurance	3.88
Polyus Gold International	3.82
Alexion Pharmaceutical	3.71
Magnit	3.68
Neptune Africa Fund 'B Acc'†	3.54

†Represents investment into a Neptune Group Collective Investment Scheme product.

Classification of Investments
as at 31 December 2012



Geographical Spread of Investments
as at 31 December 2012



Investment Manager's Report

as for the year ended 31 December 2012

The Neptune Global Alpha Sub-Fund returned 4.51% in the twelve months to the end of December 2012, versus the IMA Flexible Investment sector average gain of 10.07%. Since inception in 2001, the Sub-Fund has returned 157.20% versus the IMA sector average gain of 85.76%, and is ranked in the top decile of the peer group.*

Equity markets began 2012 on a positive note as risk sentiment improved, driven largely by measures to improve liquidity globally, whether it was the Chinese Reserve Requirement Ratio (RRR) cut, the Federal Reserve extending a dollar swap line to Europe or the Eurozone's own Long-Term Refinancing Operation (LTRO) programme. Furthermore, we continued to see improved economic data from the US, with the S&P 500 Index leading global markets during the first quarter of the year. The main driver of the Sub-Fund's performance during this period was our overweight in growth-orientated areas and the information technology sector.

The second quarter, however, saw a reversal of the optimism that characterised the first three months, with global markets dominated by rising levels of uncertainty. The Eurozone was at the heart of this ambiguity, with the French and Greek elections and the sovereign stress in Spain being the main causes for concern. In the US, economic data also deteriorated slightly which triggered investor concern about the sustainability of US growth and this weighed on equities globally. Against this background, it was the emerging markets that suffered somewhat unfairly as risk aversion increased. The Sub-Fund's emerging market exposure therefore impacted performance, as did our overweights in the global growth sectors, such as energy, that had driven performance in the first quarter.

In the third quarter global markets rebounded, buoyed by policy action in the developed world: in Europe, European Central Bank head Mario Draghi confirmed his commitment to support the Eurozone, whilst in the US the Federal Reserve announced the much-anticipated resumption of Quantitative Easing. During this period, the Sub-Fund benefited from its overweights in the emerging markets, especially in Russia which enjoyed strong performance on the back of improving risk sentiment and global easing.

Performance overall, however, was held back by our underweight in financials, which rose strongly as risk appetite increased. The Sub-Fund's large consumer staples weighting also weighed on our performance as more defensive industries underperformed in the rising market.

In the fourth quarter, global markets continued to perform strongly as fears over the Eurozone sovereign debt crisis abated and Chinese economic indicators turned positive. However, the notable exception to this was the US, where 'fiscal cliff' worries dominated proceedings and the US market consequently underperformed. However, we maintained conviction in our US exposure and topped up some of our favoured stocks, given our belief that there would be a successful resolution to the 'fiscal cliff'. The Sub-Fund also suffered from some weakness in the Chinese information technology space, which had contributed strongly to performance at the beginning of the year.

Looking to 2013, the Neptune Global Alpha Sub-Fund will retain an economically-sensitive bias, with a focus on the US and the greater growth potential of the emerging markets. Despite its short-term impact on performance in 2013, we believe the Fund's positioning is well-placed to capture long-term returns going forward.

**Source:* *Lipper, A Accumulation share class performance, IMA Flexible Investment sector, in pound sterling with no initial charges, net income reinvested to 31.12.12. The performance of other share classes may differ. Past performance is not a guide for future performance. Investments in emerging markets may be higher risk. The value of an investment and any income from it can fall as well as rise as a result of market and currency fluctuations and you may not get back the original amount invested. Neptune funds are not tied to replicating a benchmark and holdings can therefore vary from those in the index quoted. For this reason the comparison index should be used for reference only. Neptune funds may invest more than 35% in government and public securities in a number of jurisdictions. Forecasts are not a reliable indicator of future performance. Any views expressed are those of Neptune as at the date of issue and we do not undertake to advise you as to any changes in our views.*

Investment Objective and Policy

The investment objective of the Neptune Global Equity Fund is to generate capital growth from a concentrated portfolio of global securities, selected from across world equity markets, with a view to attaining top quartile performance within the appropriate peer group.

This is an international Sub-Fund but there will be no restrictions in terms of regional allocation.

Other eligible asset classes may include collective investment schemes, other transferable securities, cash or near cash, deposits and money market instruments.

It is anticipated that derivative instruments and forward transactions may be used by the ACD for efficient portfolio management.

It is the intention to be near-fully invested at all times, however, the Sub-Fund has the facility to take tactical positions in cash or near cash should the ACD feel it appropriate.

The portfolio will be managed to ensure that the Sub-Fund is at all times eligible to qualify and to be included in an Individual Savings Account.

Risk and Reward Profile

The Risk and Reward Indicator table demonstrates where the Sub-Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Sub-Fund. The shaded area in the table below shows the Sub-Fund's ranking on the Risk and Reward Indicator.

Typically lower rewards, lower risk ← → **Typically higher rewards, higher risk**

1	2	3	4	5	6	7

- This Sub-Fund is ranked at 6 because funds of this type have experienced high rises and falls in value in the past. Please note that even the lowest risk ranking can lose you money and that extreme market circumstances can mean you suffer severe losses in all cases. The indicator does not take into account the following risks of investing in this Sub-Fund:
- Investing overseas can bring additional returns and spread risk to different markets. There are risks, however, that changes in currency rates will reduce the value of your investment.
- Emerging markets or less developed countries may face more political, economic or structural challenges than developed countries. This means your money may be at greater risk.
- This Sub-Fund holds a limited number of investments. If one of these investments falls in value this can have a greater impact on the Sub-Fund's value than if it held a larger number of investments.

Fund Facts

Accounting and Distribution Dates

Accounting dates	Distribution dates
30 June 31 December	31 August 28 February

Ongoing Charge Figure (OCF), this table replaces the TER table due to regulation change
The total ongoing charge figure (OCF) per share class are as follows:

Date	Share Class	Operating expenses (excluding transaction charge)† %	Transaction charges payable to the Depositary* %	Ongoing Charge Figure (OCF)** %
31.12.12	A Income	1.81	—	1.81
	A Accumulation	1.81	—	1.81
	B Income	1.65	—	1.65
	B Accumulation	1.31	—	1.31
	C Accumulation	0.90	0.02	0.92
	A Accumulation EUR	2.50	—	2.50
	B Accumulation EUR	1.38	—	1.38
	A Accumulation USD	2.12	—	2.12
	B Accumulation USD	1.43	—	1.43

†Operating expenses includes annual management charge and other expenses. The operating expenses for all share classes are currently capped to 2.50% by the ACD. This capping may cease at any time.

*The transaction charges payable to the Depositary are not included in the expenses cap.

**The OCF shows the annual expenses of the Sub-Fund as a percentage of the average net asset value, it helps you compare the annual expenses to different schemes.

Summary

Fund Performance

Share Class	Net Asset Value as at 31.12.12 pence per share	Net Asset Value as at 31.12.11 pence per share	Net Asset Value % change
A Income	84.46	83.64	0.98
A Accumulation	259.7	256.6	1.21
B Income	84.34	83.52	0.98
B Accumulation	274.4	269.7	1.74
C Accumulation†	98.31	—	—
A Accumulation EUR	110.9	110.2	0.64
B Accumulation EUR	114.1	112.3	1.60
A Accumulation USD	83.37	82.74	0.76
B Accumulation USD	85.23	83.89	1.60

†Launched 3 October 2012.

Distributions

Share class	Total distribution (p/¢) for the year to 31.12.12	Total distribution (p/¢) for the year to 31.12.11
A Income	0.1876p	0.0392p
A Accumulation	0.5465p	0.1233p
B Income	0.2303p	0.2411p
B Accumulation	2.0080p	1.0744p
C Accumulation†	1.1833p	—
A Accumulation EUR	—	—
B Accumulation EUR	1.0300¢	0.3620¢
A Accumulation USD	0.0662¢	—
B Accumulation USD	0.8303¢	0.4026¢

†Launched 3 October 2012.

Comparative Tables

Calendar Year	A Income shares		A Accumulation shares	
	Highest buying price (p)	Lowest selling price (p)	Highest buying price (p)	Lowest selling price (p)
2010	102.6	78.87	314.5	240.8
2011	104.1	76.32	319.3	234.1
2012	95.28	82.01	292.3	251.8

Calendar Year	B Income shares		B Accumulation shares	
	Highest buying price (p)	Lowest selling price (p)	Highest buying price (p)	Lowest selling price (p)
2010	102.3	78.80	329.0	250.7
2011	103.8	76.17	334.0	245.9
2012	95.19	81.93	307.6	265.3

Summary (continued)

Comparative Tables (continued)

Calendar Year	C Accumulation shares†	
	Highest buying price (p)	Lowest selling price (p)
2012	101.4	95.28

Calendar Year	A Accumulation EUR shares		B Accumulation EUR shares	
	Highest buying price (¢)	Lowest selling price (¢)	Highest buying price (¢)	Lowest selling price (¢)
2010	159.0	119.3	160.4	119.5
2011	165.0	117.8	166.5	119.4
2012	150.8	133.2	153.9	135.5

Calendar Year	A Accumulation USD shares		B Accumulation USD shares	
	Highest buying price (¢)	Lowest selling price (¢)	Highest buying price (¢)	Lowest selling price (¢)
2010	156.9	119.7	158.2	120.3
2011	165.9	116.2	167.5	117.6
2012	150.0	125.7	152.2	127.8

†Launched 3 October 2012.

Net Asset Value

Date	31.12.12		31.12.11	
Net Asset Value (£)	849,159,268		1,058,064,549	
Share Class	Number of shares in issue	Net asset value per share (p)	Number of shares in issue	Net asset value per share (p)
A Income	55,654,153	84.46	58,304,655	83.64
A Accumulation	144,435,241	259.7	189,475,042	256.6
B Income	682,844	84.34	2,842,725	83.52
B Accumulation	147,722,419	274.4	188,517,836	269.7
C Accumulation†	11,521,793	98.31	—	—
A Accumulation EUR	409,040	110.9	548,259	110.2
B Accumulation EUR	3,613,377	114.1	4,382,147	112.3
A Accumulation USD	1,288,334	83.37	3,092,351	82.74
B Accumulation USD	4,983,610	85.23	4,983,602	83.89

†Launched 3 October 2012.

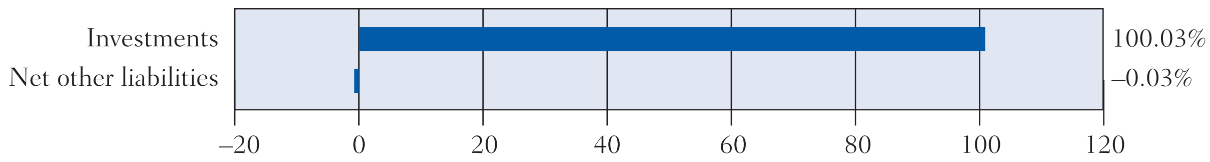
Risk Warning

Please remember that past performance should not be seen as a guide to future performance and that the value of an investment in an OEIC and the income from it can fall as well as rise and may be affected by exchange rate variations.

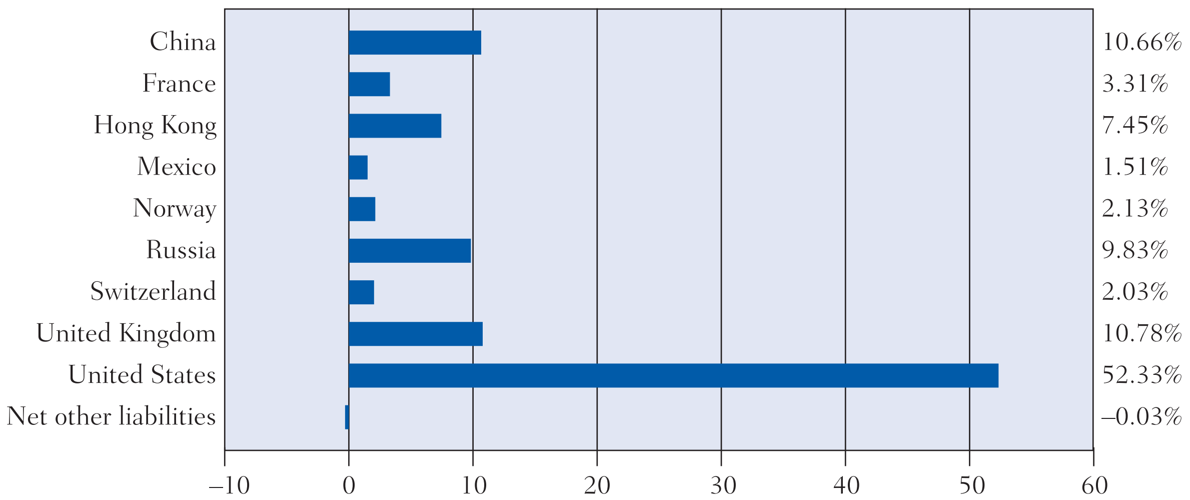
Ten Largest Holdings
as at 31 December 2012

	% of net assets
Apple	4.02
Baidu ADR	3.63
Mandarin Oriental International	3.47
LVMH Moet Hennessy Louis Vuitton	3.31
Tencent	3.13
Procter & Gamble	2.95
Amazon.com	2.91
Sberbank ADR	2.85
International Business Machines	2.78
Hershey	2.62

Classification of Investments
as at 31 December 2012



Geographical Spread of Investments
as at 31 December 2012



Investment Manager's Report
as for the year ended 31 December 2012

The Neptune Global Equity Sub-Fund returned 0.47% in the twelve months to the end of December 2012, versus the MSCI World Index gain of 11.42% and the IMA Global sector average gain of 10.11%. Since inception in 2001, the Sub-Fund has returned 158.40% versus the MSCI World Index gain of 56.74% and is ranked in the top decile of the IMA sector, where the average return is 67.76%.*

Equity markets began 2012 on a positive note as risk sentiment improved, driven largely by measures to improve liquidity globally, whether it was the Chinese Reserve Requirement Ratio (RRR) cut, the Federal Reserve extending a dollar swap line to Europe or the Eurozone's own Long-Term Refinancing Operation (LTRO) programme. Furthermore, we continued to see improved economic data from the US, with the S&P 500 Index leading global markets during the first quarter of the year. The main driver of the Sub-Fund's performance during this period was our overweight in growth-orientated areas and the information technology sector.

The second quarter, however, saw a reversal of the optimism that characterised the first three months, with global markets dominated by rising levels of uncertainty. The Eurozone was at the heart of this ambiguity, with the French and Greek elections and the sovereign stress in Spain being the main causes for concern. In the US, economic data also deteriorated slightly which triggered investor concern about the sustainability of US growth and this weighed on equities globally. Against this background, it was the emerging markets that suffered somewhat unfairly as risk aversion increased. The Sub-Fund's emerging market exposure therefore impacted performance, as did our overweights in the global growth sectors that had driven performance in the first quarter.

In the third quarter global markets rebounded, buoyed by policy action in the developed world: in Europe, European Central Bank head Mario Draghi confirmed his commitment to support the Eurozone, whilst in the US the Federal Reserve announced the much-anticipated resumption of Quantitative Easing. During this period, the Sub-Fund benefited from its overweights in the emerging markets, especially in Russia which enjoyed strong performance on the back of improving risk sentiment and global easing. Performance overall, however, was held back by our underweight in financials, which rose strongly as risk appetite increased. The Sub-Fund's large consumer staples weighting also weighed on our performance as more defensive industries underperformed in the rising market.

In the fourth quarter, global markets continued to perform strongly as fears over the Eurozone sovereign debt crisis abated and Chinese economic indicators turned positive. However, the notable exception to this was the US, where 'fiscal cliff' worries dominated proceedings and the US market consequently underperformed. However, we maintained conviction in our US exposure and topped up some of our favoured stocks, given our belief that there would be a successful resolution to the 'fiscal cliff'. The Sub-Fund also suffered from some weakness in the Chinese information technology space, which had contributed strongly to performance at the beginning of the year.

Looking to 2013, the Neptune Global Equity Sub-Fund will retain an economically-sensitive bias, with a focus on the US and the greater growth potential of the emerging markets. Despite its short-term impact on performance in 2013, we believe the Fund's positioning is well-placed to capture long-term returns going forward.

**Source: Lipper, A Accumulation share class performance, IMA Global sector, in pound sterling with no initial charges, net income reinvested to 31.12.12. The performance of other share classes may differ. Past performance is not a guide for future performance. Investments in emerging markets may be higher risk. The value of an investment and any income from it can fall as well as rise as a result of market and currency fluctuations and you may not get back the original amount invested. Neptune funds are not tied to replicating a benchmark and holdings can therefore vary from those in the index quoted. For this reason the comparison index should be used for reference only. Neptune funds may invest more than 35% in government and public securities in a number of jurisdictions. Forecasts are not a reliable indicator of future performance. Any views expressed are those of Neptune as at the date of issue and we do not undertake to advise you as to any changes in our views.*

Investment Objective and Policy

The Investment objective of the Neptune Global Income Fund is to generate rising levels of income with the potential of capital growth by investing predominantly in a concentrated portfolio of global securities, selected from across world equity markets. The Sub-Fund aims to achieve top quartile performance, in terms of total return, against the appropriate peer group.

This is an international fund but there will be no restrictions in terms of regional allocation.

The Sub-Fund may also invest in collective investment schemes, other transferable securities, cash or near cash, deposits and money market instruments.

It is anticipated that derivative instruments and forward transactions may be used by the ACD for efficient portfolio management.

It is the intention to be near-fully invested at all times but the Sub-Fund may take tactical positions in cash or near cash should the ACD feel it appropriate.

The portfolio will be managed to ensure that the Sub-Fund is at all times eligible to qualify and to be included in an Individual Savings Account.

Risk and Reward Profile

The Risk and Reward Indicator table demonstrates where the Sub-Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Sub-Fund. The shaded area in the table below shows the Sub-Fund's ranking on the Risk and Reward Indicator.

Typically lower rewards, lower risk ← → **Typically higher rewards, higher risk**

1	2	3	4	5	6	7

- This Sub-Fund is ranked at 6 because funds of this type have experienced high rises and falls in value in the past. Please note that even the lowest risk ranking can lose you money and that extreme market circumstances can mean you suffer severe losses in all cases. The indicator does not take into account the following risks of investing in this Sub-Fund:
- The level of income is not guaranteed.
- Investing overseas can bring additional returns and spread risk to different markets. There are risks, however, that changes in currency rates will reduce the value of your investment.
- This Sub-Fund holds a limited number of investments. If one of these investments falls in value this can have a greater impact on the Sub-Fund's value than if it held a larger number of investments.

Fund Facts

Accounting and Distribution Dates

Accounting dates	Distribution dates
30 June 31 December	31 August 28 February

Ongoing Charge Figure (OCF), this table replaces the TER table due to regulation change
The total ongoing charge figure (OCF) per share class are as follows:

Date	Share Class	Operating expenses (excluding transaction charge)† %	Transaction charges payable to the Depositary* %	Ongoing Charge Figure (OCF)** %
31.12.12	A Income	2.00	—	2.00
	A Accumulation	2.00	—	2.00
	B Income	2.00	—	2.00
	B Accumulation	2.00	—	2.00

†Operating expenses includes annual management charge and other expenses. The operating expenses for all share classes are currently capped to 2.00% by the ACD. This capping may cease at any time.

*The transaction charges payable to the Depositary are not included in the expenses cap.

**The OCF shows the annual expenses of the Sub-Fund as a percentage of the average net asset value, it helps you compare the annual expenses to different schemes.

Neptune Global Income Fund

Summary

Fund Performance

Share Class	Net Asset Value as at 31.12.12 pence per share	Net Asset Value as at 31.12.11 pence per share	Net Asset Value % change
A Income	99.10	—*	—
A Accumulation	99.10	—*	—
B Income	99.10	—*	—
B Accumulation	98.92	—*	—

*Launched on 20 December 2012, there are no prior period comparatives.

Distributions

Share class	Total distribution (p) for the period to 31.12.12
A Income	—
A Accumulation	—
B Income	—
B Accumulation	—

Comparative Tables

Calendar Year	A Income shares		A Accumulation shares	
	Highest buying price (p)	Lowest selling price (p)	Highest buying price (p)	Lowest selling price (p)
2012*	100.0	99.07	100.0	99.07

Calendar Year	B Income shares		B Accumulation shares	
	Highest buying price (p)	Lowest selling price (p)	Highest buying price (p)	Lowest selling price (p)
2012*	100.0	99.08	100.0	99.89

*Launched on 20 December 2012.

Net Asset Value

Date	31.12.12	
Net Asset Value (£)	563,847	
Share Class	Number of shares in issue	Net asset value per share (p)
A Income	1,000	99.10
A Accumulation	1,000	99.10
B Income	1,000	99.10
B Accumulation	567,000	98.92

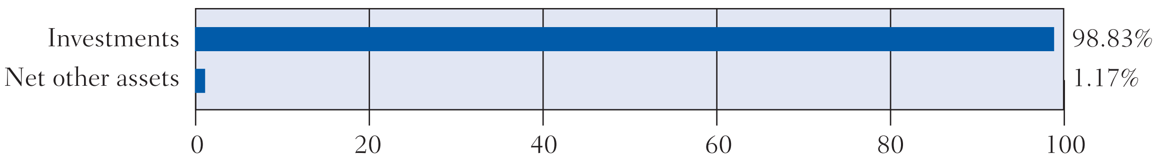
Risk Warning

Please remember that past performance should not be seen as a guide to future performance and that the value of an investment in a Sub-Fund and the income from it can fall as well as rise and may be affected by exchange rate variations.

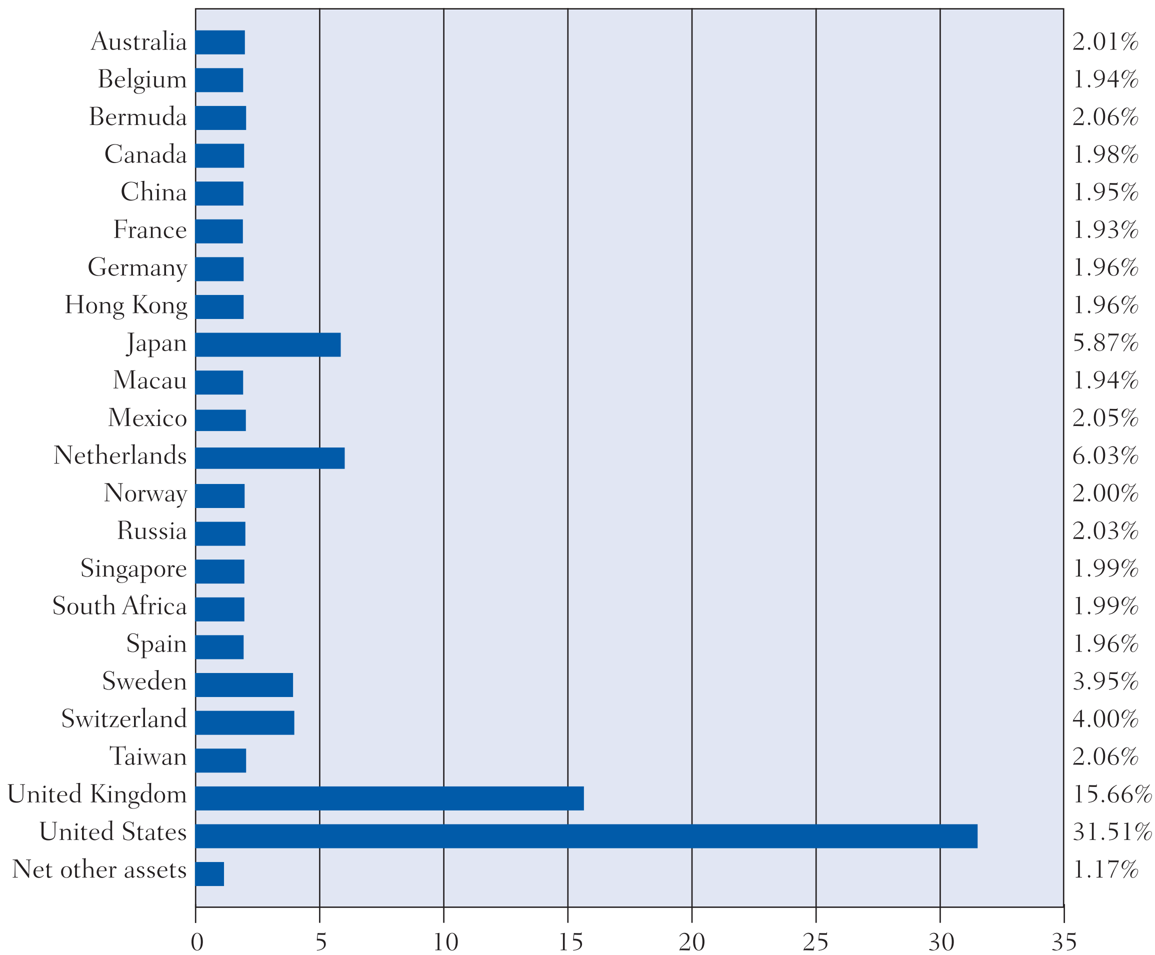
Ten Largest Holdings
as at 31 December 2012

	% of net assets
Taiwan Semiconductor Manufacturing ADR	2.06
North Atlantic Drilling	2.06
LyondellBasell	2.06
Grupo Modelo ADR	2.05
Zurich Insurance	2.03
Lukoil ADR	2.03
Reed Elsevier	2.02
CMS Energy	2.02
Rockwell Automation	2.02
Amcor	2.01

Classification of Investments
as at 31 December 2012



Geographical Spread of Investments
as at 31 December 2012



Investment Manager's Report

for the period from 20 December 2012 to 31 December 2012

The Neptune Global Income Sub-Fund was launched on the 20 December 2012. The investment objective of the Sub-Fund is to generate rising levels of income with the potential of capital growth by investing in a concentrated portfolio of global securities, selected from across world equity markets. The Fund aims to achieve top quartile performance, in terms of total return, against the appropriate peer group.

Looking into 2013, we are positive on the outlook for global growth in 2013 based on the continued growth potential of the emerging markets and a broad economic recovery in the US, particularly from the manufacturing and housing sectors. We are also impressed by the speed of the Eurozone's structural realignment which has significantly reduced the risk of a disorderly Eurozone breakup. This outlook has led the Neptune Global Income Sub-Fund to have a slight economically sensitive bias, with a preference for high quality industrial companies that will benefit from improving global growth whilst also potentially generating significant cash flows that can then be returned to shareholders. The Sub-Fund is underweight utilities, a traditional source of income, which we believe offers unattractive valuations and is susceptible to expectations of higher future bond yields.

We believe the current backdrop remains supportive for equity income investors. Corporate balance sheets remain at their strongest levels for a decade, whilst dividend payout ratios remain at the low end of their historic range. In our view this offers an attractive opportunity for equity income investors as this surplus cash is increasingly being returned to shareholders. As a result, the Neptune Global Income Sub-Fund is focused on companies that can demonstrate sustainable dividend growth, without sacrificing capital growth for the sake of a higher yield.

Dividends have been a critical component of historical total return, contributing 61% of the total return of the MSCI World Index since 1970.* We believe that dividends will continue to form an important component of total return in 2013 and expect global interest rates to remain at record low levels. The combination of limited supply from low yielding bonds, both government and corporate, and growing demand from retiring baby boomers, puts equity income in the spotlight.

**Source: Bloomberg, as at 31.12.12. The value of an investment and any income from it can fall as well as rise as a result of market and currency fluctuations and you may not get back the original amount invested. Investments in emerging markets may be higher risk. Some Neptune funds may be higher risk than other funds. Neptune funds are not tied to replicating a benchmark and holdings can therefore vary from those in the index quoted. For this reason the comparison index should be used for reference only. There is no assurance that the fund objective will actually be achieved. Neptune funds may invest more than 35% in government and public securities in a number of jurisdictions. Forecasts are not a reliable indicator of future performance. Any views expressed are those of Neptune as at the date of issue and we do not undertake to advise you as to any changes in our views.*

Investment Objective and Policy

The investment objective of the Neptune Greater China Income Fund is to generate rising levels of income with the potential of capital growth by investing predominantly in the securities of companies in China, Hong Kong and Taiwan or in securities issued by companies transacting a significant proportion of their business in China, Hong Kong and Taiwan with a view to obtaining top quartile performance within the appropriate peer group. The balance of investment between these jurisdictions will be at the discretion of the ACD.

Other eligible asset classes may include collective investment schemes, other transferable securities, cash or near cash, deposits and money market instruments.

It is anticipated that derivative instruments and forward transactions may be used by the ACD for efficient portfolio management.

It is the intention to be near fully invested at all times, however the Sub-Fund has the facility to take tactical positions in cash or near cash should the ACD feel it appropriate.

The portfolio will be managed to ensure that the Sub-Fund is at all times eligible to qualify and to be included in an Individual Savings Account.

Risk and Reward Profile

The Risk and Reward Indicator table demonstrates where the Sub-Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Sub-Fund. The shaded area in the table below shows the Sub-Fund's ranking on the Risk and Reward Indicator.

Typically lower rewards, lower risk ← → **Typically higher rewards, higher risk**

1	2	3	4	5	6	7

- This Sub-Fund is ranked at 7 because funds of this type have experienced very high rises and falls in value in the past. Please note that even the lowest risk ranking can lose you money and that extreme market circumstances can mean you suffer severe losses in all cases. The indicator does not take into account the following risks of investing in this Sub-Fund:
- Investing overseas can bring additional returns and spread risk to different markets. There are risks, however, that changes in currency rates will reduce the value of your investment.
- Emerging markets or less developed countries may face more political, economic or structural challenges than developed countries. This means your money may be at greater risk.
- The level of income is not guaranteed.
- This Sub-Fund holds a limited number of investments. If one of these investments falls in value this can have a greater impact on the Sub-Fund's value than if it held a larger number of investments.

Fund Facts

Accounting and Distribution Dates

Accounting dates	Distribution dates
30 June 31 December	31 August 28 February

Ongoing Charge Figure (OCF), this table replaces the TER table due to regulation change
The total ongoing charge figure (OCF) per share class are as follows:

Date	Share Class	Operating expenses (excluding transaction charge)† %	Transaction charges payable to the Depositary* %	Ongoing Charge Figure (OCF)** %
31.12.12	A Income	2.00	0.24	2.24
	A Accumulation	2.00	0.24	2.24
	B Income	1.79	0.23	2.02
	B Accumulation	1.78	0.24	2.02

†Operating expenses includes annual management charge and other expenses. The operating expenses for all share classes are currently capped to 2.00% by the ACD. This capping may cease at any time.

*The transaction charges payable to the Depositary are not included in the expenses cap.

**The OCF shows the annual expenses of the Sub-Fund as a percentage of the average net asset value, it helps you compare the annual expenses to different schemes.

Neptune Greater China Income Fund

Summary

Fund Performance

Share Class	Net Asset Value as at 31.12.12 pence per share	Net Asset Value as at 31.12.11 pence per share	Net Asset Value % change
A Income	97.14	89.77	8.21
A Accumulation	111.7	98.68	13.19
B Income	96.72	86.44	11.89
B Accumulation	111.7	98.46	13.45

Distributions

Share class	Total distribution (p) for the year to 31.12.12	Total distribution (p) for the year to 31.12.11
A Income	4.2074	4.9360
A Accumulation	4.6754	5.2065
B Income	4.1781	2.8114
B Accumulation	4.6699	5.2284

Comparative Tables

Calendar Year	A Income shares		A Accumulation shares	
	Highest buying price (p)	Lowest selling price (p)	Highest buying price (p)	Lowest selling price (p)
2010	114.8	94.85	117.6	94.92
2011	114.1	87.05	119.4	93.49
2012	100.1	88.72	112.6	98.39

Calendar Year	B Income shares		B Accumulation shares	
	Highest buying price (p)	Lowest selling price (p)	Highest buying price (p)	Lowest selling price (p)
2010	114.5	94.84	117.3	94.90
2011	113.9	83.99	119.2	93.29
2012	99.64	88.24	112.6	98.26

Net Asset Value

Date	31.12.12		31.12.11	
Net Asset Value (£)	12,896,108		3,254,747	
Share Class	Number of shares in issue	Net asset value per share (p)	Number of shares in issue	Net asset value per share (p)
A Income	1,562,041	97.14	1,087,890	89.77
A Accumulation	4,098,217	111.7	416,624	98.68
B Income	3,279,536	96.72	1,000	86.44
B Accumulation	3,250,862	111.7	1,895,400	98.46

Risk Warning

Please remember that past performance should not be seen as a guide to future performance and that the value of an investment in an OEIC and the income from it can fall as well as rise and may be affected by exchange rate variations.

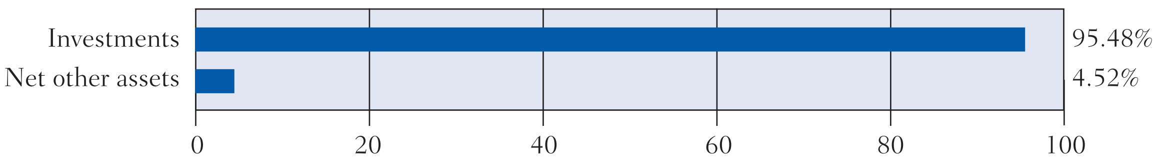
Ten Largest Holdings

as at 31 December 2012

	% of net assets
PetroChina	4.67
CNOOC	4.63
Bank of China	4.18
BOC Hong Kong	2.83
HSBC	2.74
Asustek Computer	2.49
Taiwan Mobile 'P-Note'	2.48
Hang Seng Bank	2.43
Shenzhen International	2.43
China Mobile	2.33

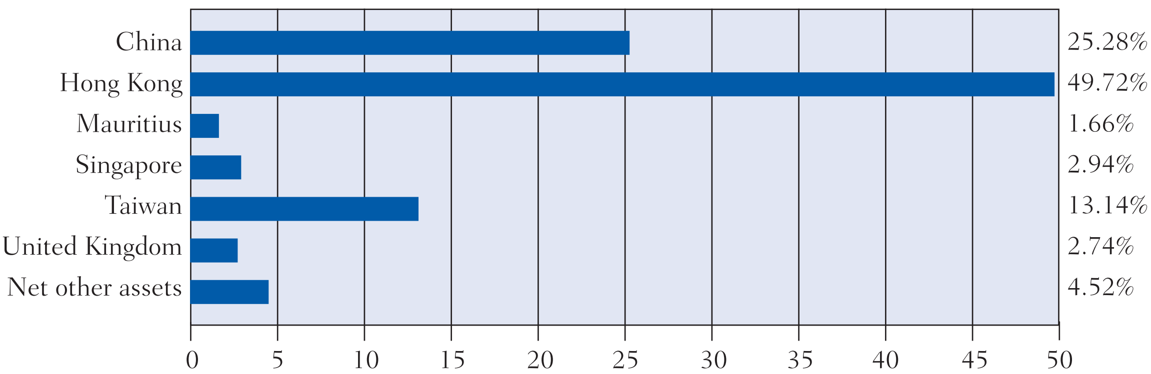
Classification of Investments

as at 31 December 2012



Geographical Spread of Investments

as at 31 December 2012



Investment Manager's Report

as for the year ended 31 December 2012

The Neptune Greater China Income Sub-Fund returned 13.12% in 2012, versus the MSCI China Index gain of 17.69% and the IMA China/Greater China Income sector average return of 17.69%.* Encouragingly the Sub-Fund, which is primarily focused on income-generation, ended the period with a yield of 4.24%.

The period under review was volatile for Chinese equities. The beginning of 2012 saw high market expectations for stimulus in China due to data pointing towards a gradual slowdown in the economy and, along with the global liquidity-driven rally, the year started strongly. The rally, however, waned into March and through to the mid-year as China's domestic concerns took a back seat to the ongoing Eurozone crisis. Against this background, Beijing looked to get 'ahead of the curve' with incremental policy loosening: cuts to the Required Reserve Ratio (RRR) and interest rates sought to increase access to credit, whilst the tone of Premier Wen's speeches turned more 'pro-growth'. However, the third quarter remained disappointing for Chinese equity markets – Mario Draghi's Outright Monetary Transactions initiative and the US Federal Reserve's announcement of Quantitative Easing helped ease global systemic concerns, yet investors remained cautious of Chinese equities, with no explicit proof of economic and company improvements.

The Sub-Fund performed well during the rally of the first two months, considering the low risk nature of stocks held and our underweight in financials. Holdings in Hong Kong banks and various consumption orientated real estate investment trusts were beneficial for us whilst our large weighting in energy gave us some exposure to positive markets, as did our positions in industrials and Taiwan IT hardware companies. With some Macau casino operators starting to pay dividends, we added Sands China to the portfolio.

As the year progressed, we continued a move towards a pro-growth stance by adding a consumer stock with an attractive valuation and a sustainable 10% yield. We also added an industrial conglomerate with an undervalued property development arm and a Hong Kong realtor to take advantage of increased transaction volumes. Elsewhere we increased our position in Huaneng Power, which was benefiting from low coal prices, and used market weakness to take a position in Hutchison Port Trusts, a cash generative and dividend paying stock. We also increased our exposure to the financials sector through quality and differentiated names, such as Bank of China.

The Sub-Fund performed well in the second quarter, regaining relative underperformance as overweights in the key defensive sectors such as utilities and telecommunications compensated for weakness elsewhere. Our bias towards high quality stocks and yield, the market placed a premium on, was a benefit, as was good stock selection in expressways, cash generative consumer stocks and steadily run Hong Kong financials.

Towards the end of the year, our view that China's economic outcome would remain benign after 18 months of slowing began to be vindicated. Data started to improve as easier monetary conditions and Beijing's accommodative fiscal stance began to read through into economic indicators. This saw manufacturing, Purchasing Managers' Indices, industrial production and profits, and retail sales growth data all turn positive, leading the MSCI China Index. The Sub-Fund, with its more defensive portfolio, lagged this rally, with our underweight in financials particularly impacting relative performance.

**Source: Lipper, A Accumulation share class performance, IMA China/Greater China sector, in sterling with no initial charges, net income reinvested to 31.12.12. The performance of other share classes may differ. Past performance is not a guide for future performance. Investments in emerging markets may be higher risk. The value of an investment and any income from it can fall as well as rise as a result of market and currency fluctuations and you may not get back the original amount invested. References to specific securities are for illustration purposes only and should not be taken as a recommendation to buy or sell these securities. Neptune funds are not tied to replicating a benchmark and holdings can therefore vary from those in the index quoted. For this reason the comparison index should be used for reference only. Neptune funds may invest more than 35% in government and public securities in a number of jurisdictions. Forecasts are not a reliable indicator of future performance. Any views expressed are those of Neptune as at the date of issue and we do not undertake to advise you as to any changes in our views.*

Investment Objective and Policy

The investment objective of the Neptune Green Planet Fund is to generate capital growth from investment predominantly in the securities of companies whose main business operations focus upon improving the environment. This can include reducing pollution and resource consumption or achieving the same aim by coming up with new alternative energy solutions, technologies, products or industrial processes for commercial exploitation. The Sub-Fund will invest in companies that vary greatly in size, location and business activities.

Other eligible asset classes may include collective investment schemes, other transferable securities, cash or near cash, deposits and money market instruments.

It is anticipated that derivative instruments and forward transactions may be used by the ACD for efficient portfolio management.

It is the intention to be near-fully invested at all times, however, the Sub-Fund has the facility to take tactical positions in cash or near cash should the ACD feel it appropriate.

The portfolio will be managed to ensure that the Sub-Fund is at all times eligible to qualify and to be included in an Individual Savings Account.

Important Information

Please note that following approval from the Financial Services Authority, the Neptune Green Planet Fund was closed on 8 April 2013.

Following an evaluation, we believed that the costs associated with running the portfolio meant that it was no longer in the interests of current shareholders for it to remain to open, given the lower-than-anticipated demand from new investors. The termination costs incurred have been covered by Neptune and not paid by the Sub-Fund itself.

The closure of the Sub-Fund was conducted in accordance with the regulations, which are detailed in the Prospectus. If you have any questions relating to the closure, please do not hesitate to contact us on 0800 587 5051 (or +44 1268 44 3920 if calling from outside the UK).

Risk and Reward Profile

The Risk and Reward Indicator table demonstrates where the Sub-Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Sub-Fund. The shaded area in the table below shows the Sub-Fund's ranking on the Risk and Reward Indicator.

Typically lower rewards, lower risk ← → **Typically higher rewards, higher risk**

1	2	3	4	5	6	7

- This Sub-Fund is ranked at 7 because funds of this type have experienced very high rises and falls in value in the past. Please note that even the lowest risk ranking can lose you money and that extreme market circumstances can mean you suffer severe losses in all cases. The indicator does not take into account the following risks of investing in this Sub-Fund:
- This Sub-Fund may be unable to invest in certain sectors and companies due its specialist nature. This may mean that the Sub-Fund is more sensitive to price swings than other funds.
- Investing overseas can bring additional returns and spread risk to different markets. There are risks, however, that changes in currency rates will reduce the value of your investment.
- Smaller company shares may be riskier as they can be more difficult to buy and sell and their share prices may move up and down more than larger companies.
- This Sub-Fund holds a limited number of investments. If one of these investments falls in value this can have a greater impact on the Sub-Fund's value than if it held a larger number of investments.

Fund Facts

Accounting and Distribution Dates

Accounting dates	Distribution dates
30 June 31 December	31 August 28 February

Ongoing Charge Figure (OCF), this table replaces the TER table due to regulation change
The total ongoing charge figure (OCF) per share class are as follows:

Date	Share Class	Operating expenses (excluding transaction charge)† %	Transaction charges payable to the Depositary* %	Ongoing Charge Figure (OCF)** %
31.12.12	A Accumulation	2.50	0.08	2.58
	B Accumulation	2.50	0.08	2.58

†Operating expenses includes annual management charge and other expenses. The operating expenses for all share classes are currently capped to 2.50% by the ACD. This capping may cease at any time.

*The transaction charges payable to the Depositary are not included in the expenses cap.

**The OCF shows the annual expenses of the Sub-Fund as a percentage of the average net asset value, it helps you compare the annual expenses to different schemes.

Summary

Fund Performance

Share Class	Net Asset Value as at 31.12.12 pence per share	Net Asset Value as at 31.12.11 pence per share	Net Asset Value % change
A Accumulation	56.80	59.22	(4.09)
B Accumulation	56.28	58.67	(4.07)

Distributions

Share class	Total distribution (p) for the year to 31.12.12	Total distribution (p) for the year to 31.12.11
A Accumulation	—	—
B Accumulation	—	—

Comparative Tables

Calendar Year	A Accumulation shares		B Accumulation shares	
	Highest buying price (p)	Lowest selling price (p)	Highest buying price (p)	Lowest selling price (p)
2010	89.51	73.27	88.85	72.67
2011	87.89	56.93	87.06	56.41
2012	71.13	53.21	70.45	52.72

Net Asset Value

Date	31.12.12		31.12.11	
Net Asset Value (£)	3,551,523		4,185,926	
Share Class	Number of shares in issue	Net asset value per share (p)	Number of shares in issue	Net asset value per share (p)
A Accumulation	6,157,676	56.80	6,936,735	59.22
B Accumulation	95,840	56.28	133,386	58.67

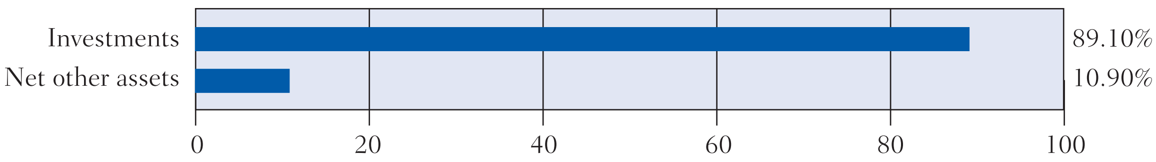
Risk Warning

Please remember that past performance should not be seen as a guide to future performance and that the value of an investment in an OEIC and the income from it can fall as well as rise and may be affected by exchange rate variations.

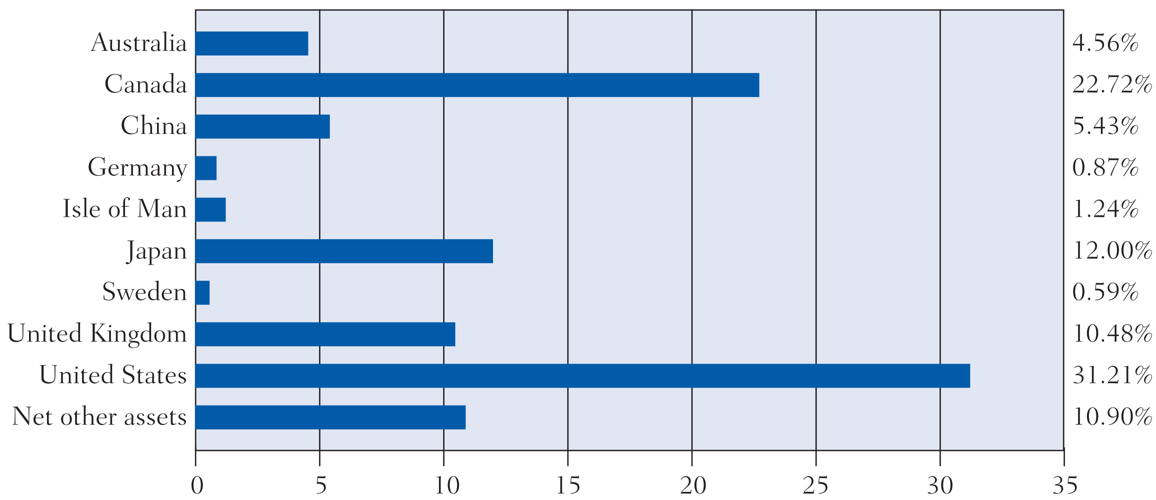
Ten Largest Holdings
as at 31 December 2012

	% of net assets
Johnson Matthey	8.90
Westport Innovations	8.01
Donaldson	6.83
Universal Display	6.65
Algonquin	5.24
Headwaters	5.18
Chugai Ro	4.47
Methanex	4.12
Tokyo Energy & Systems	3.92
Commercial Metals	3.86

Classification of Investments
as at 31 December 2012



Geographical Spread of Investments
as at 31 December 2012



Investment Manager's Report
as for the year ended 31 December 2012

After a good opening quarter to the year, when the Neptune Green Planet Sub-Fund rose by 10.35% against the 6.38% and 8.66% gains made by the Wilderhill Clean Energy and the MSCI World indices respectively, the Sub-Fund recorded three consecutive losing quarters. The Sub-Fund ended 2012 down –4.38% whilst the Wilderhill Clean Energy Index dropped –21.31%, and the MSCI World benchmark rose by 11.42%.*

This pattern of quarterly returns reflected the initial optimism of capital market participants regarding the state of global economic growth and the recovery prospects of the European Union, aided by the price of Brent Crude oil appreciating from $106 per barrel at the turn of the year to $120 by the end of March 2012. Thereafter share prices across the world were more or less unchanged over the next six months after renewed economic and financial pessimism took hold, particularly regarding China and Europe's prospects. In response, oil prices dropped to $90 during June to then rally back up to $100 per barrel by the end of September.†

Under such circumstances, renewed risk aversion hit the shares of small and medium sized firms that the Sub-Fund typically holds. In addition, progressively worsening governmental fiscal balances, especially across the OECD, saw subsidies and spending upon "green" initiatives/technology sharply curtailed. The advent of cheap 'shale gas' in the US also negatively impacted the outlook for alternative energy, leading to the cancellation of various wind and solar projects.

As usual, bid activity proved to be the best guide to the underlying value of the sectors invested in by the Sub-Fund. Warren Buffett's MidAmerican Energy Holdings during October 2012 bought two Californian wind farms generating 300MW of electricity, before paying over $2bn to acquire two solar farms with around 579MW capacity in December. During that time, Commercial Metals of the US, held by the Sub-Fund received an unsolicited bid from the well-known corporate raider Carl Ichan, which was 21% above the prevailing share price.

The share price movement exhibited by companies held within the Sub-Fund showed a broad range of returns. Heading the performance table in local currency terms was Headwaters of the US, which almost tripled during the year as its underlying businesses and results gained momentum across 2012. The restructuring and turnaround of EVZ in Australia proved to be successful. Similarly, Trading Emissions in the UK overcame previous pessimism relating to the value of its carbon credit portfolio after an independent assessment confirmed the firm to be worth around 62p per share, compared to its then market price of 22p.†

By contrast many of the Sub-Fund's solar related holdings, such as Dyesol, Trina Solar and Suntech Power, fared especially badly, falling by around 40% in local currency terms which reflected declining sales and profitability in the face of reduced investments in the sector. Tanfield in the UK halved on the cancellation of the listing of its US based electric vehicle subsidiary. Elsewhere, other firms' shares fell on investor profit taking based on their previous strong gains. So Westport Innovation suffered a 20% fall whilst Universal Display slumped by more than around 40%, although the latter did disappoint with its 2012 third quarter profits.

**Source: Lipper, A Accumulation share class performance, in sterling with no initial charges, net income reinvested to 31.12.12. The performance of other share classes may differ. Past performance is not a guide for future performance.*

†Bloomberg, as at 31.12.12. The value of an investment and any income from it can fall as well as rise as a result of market and currency fluctuations and you may not get back the original amount invested. Some Neptune funds may be higher risk than other funds. Neptune funds are not tied to replicating a benchmark and holdings can therefore vary from those in the index quoted. For this reason the comparison index should be used for reference only. Neptune funds may invest more than 35% in government and public securities in a number of jurisdictions. Forecasts are not a reliable indicator of future performance. Any views expressed are those of Neptune as at the date of issue and we do not undertake to advise you as to any changes in our views.

Investment Objective and Policy

The investment objective of the Neptune Income Fund is to generate a rising level of income. Whilst income is the main objective there is also potential for capital growth, from an actively managed portfolio invested predominantly in UK securities and UK fixed interest stocks, with some overseas exposure. The Sub-Fund aims to achieve top quartile performance, in terms of total return, against the appropriate peer group.

Other eligible asset classes may include collective investment schemes, other transferable securities, cash or near cash, deposits and money market instruments.

It is anticipated that derivative instruments and forward transactions may be used by the ACD for efficient portfolio management.

It is the intention to be near-fully invested at all times, however, the Sub-Fund has the facility to take tactical positions in cash or near cash should the ACD feel it appropriate.

The portfolio will be managed to ensure that the Sub-Fund is at all times eligible to qualify and to be included in an Individual Savings Account.

Risk and Reward Profile

The Risk and Reward Indicator table demonstrates where the Sub-Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Sub-Fund. The shaded area in the table below shows the Sub-Fund's ranking on the Risk and Reward Indicator.

Typically lower rewards, lower risk ← → Typically higher rewards, higher risk

1	2	3	4	5	**6**	7

- This Sub-Fund is ranked at 6 because funds of this type have experienced high rises and falls in value in the past. Please note that even the lowest risk ranking can lose you money and that extreme market circumstances can mean you suffer severe losses in all cases. The indicator does not take into account the following risks of investing in this Sub-Fund:
- The level of income is not guaranteed.
- Investing overseas can bring additional returns and spread risk to different markets. There are risks, however, that changes in currency rates will reduce the value of your investment.
- Fixed interest stocks are the debts of governments and companies generally in the form of bonds. Bonds are affected by changes in interest rates, inflation and any decline in creditworthiness of the borrower (i.e. the bond issuer). Bonds that produce a higher level of income usually also carry greater risk as such bond issuers may have difficulty in repaying their financial obligations.
- This Sub-Fund holds a limited number of investments. If one of these investments falls in value this can have a greater impact on the Sub-Fund's value than if it held a larger number of investments.

Fund Facts

Accounting and Distribution Dates

Accounting dates	Distribution dates
30 June 31 December	31 August 28 February

Ongoing Charge Figure (OCF), this table replaces the TER table due to regulation change
The total ongoing charge figure (OCF) per share class are as follows:

Date	Share Class	Operating expenses (excluding transaction charge)† %	Transaction charges payable to the Depositary* %	Ongoing Charge Figure (OCF)** %
31.12.12	A Income	1.66	—	1.66
	A Accumulation	1.65	—	1.65
	B Income	1.15	—	1.15
	B Accumulation	1.18	—	1.18
	C Income	0.93	—	0.93
	C Accumulation	0.96	—	0.96

†Operating expenses includes annual management charge and other expenses. The operating expenses for all share classes are currently capped to 2.50% by the ACD. This capping may cease at any time.

*The transaction charges payable to the Depositary are not included in the expenses cap.

**The OCF shows the annual expenses of the Sub-Fund as a percentage of the average net asset value, it helps you compare the annual expenses to different schemes.

Neptune Income Fund

Summary

Fund Performance

Share Class	Net Asset Value as at 31.12.12 pence per share	Net Asset Value as at 31.12.11 pence per share	Net Asset Value % change
A Income	146.1	137.9	5.95
A Accumulation	240.8	217.9	10.51
B Income	151.1	141.9	6.48
B Accumulation	252.3	227.3	11.00
C Income†	99.30	—	—
C Accumulation†	99.68	—	—

†Launched 3 October 2012.

Distributions

Share class	Total distribution (p) for the year to 31.12.12	Total distribution (p) for the year to 31.12.11
A Income	6.1914	6.8760
A Accumulation	9.8831	10.4830
B Income	6.3835	7.0587
B Accumulation	10.3302	10.8301
C Income†	0.5582	—
C Accumulation†	0.5637	—

†Launched 3 October 2012.

Comparative Tables

Calendar Year	A Income shares		A Accumulation shares	
	Highest buying price (p)	Lowest selling price (p)	Highest buying price (p)	Lowest selling price (p)
2010	157.4	125.7	233.7	186.6
2011	157.4	128.0	240.2	198.7
2012	152.4	139.6	245.0	220.6

Calendar Year	B Income shares		B Accumulation shares	
	Highest buying price (p)	Lowest selling price (p)	Highest buying price (p)	Lowest selling price (p)
2010	161.1	128.3	242.2	193.0
2011	161.4	131.5	249.9	207.0
2012	156.9	143.9	256.4	230.4

Calendar Year	C Income shares†		C Accumulation shares†	
	Highest buying price (p)	Lowest selling price (p)	Highest buying price (p)	Lowest selling price (p)
2012	101.3	96.34	101.2	96.28

†Launched 3 October 2012.

Summary (continued)

Net Asset Value

Date	31.12.12		31.12.11	
Net Asset Value (£)	910,653,461		1,016,643,946	
Share Class	Number of shares in issue	Net asset value per share (p)	Number of shares in issue	Net asset value per share (p)
A Income	175,894,275	146.1	240,921,822	137.9
A Accumulation	83,809,305	240.8	103,062,342	217.9
B Income	231,205,229	151.1	293,060,814	141.9
B Accumulation	8,470,348	252.3	19,314,165	227.3
C Income†	73,394,102	99.30	—	—
C Accumulation†	8,385,972	99.68	—	—

†Launched 3 October 2012.

Risk Warning

Please remember that past performance should not be seen as a guide to future performance and that the value of an investment in an OEIC and the income from it can fall as well as rise and may be affected by exchange rate variations.

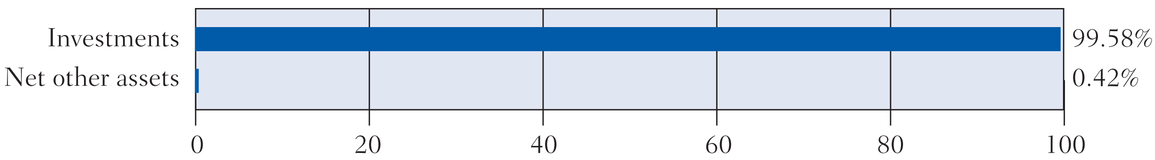
Ten Largest Holdings

as at 31 December 2012

	% of net assets
Smiths	3.21
WPP	3.16
Rio Tinto	3.16
Halma	3.13
HSBC	3.11
BHP Billiton	3.10
Statoil Hydro	3.09
Chevron	3.07
Legal & General	3.07
Centrica	3.06

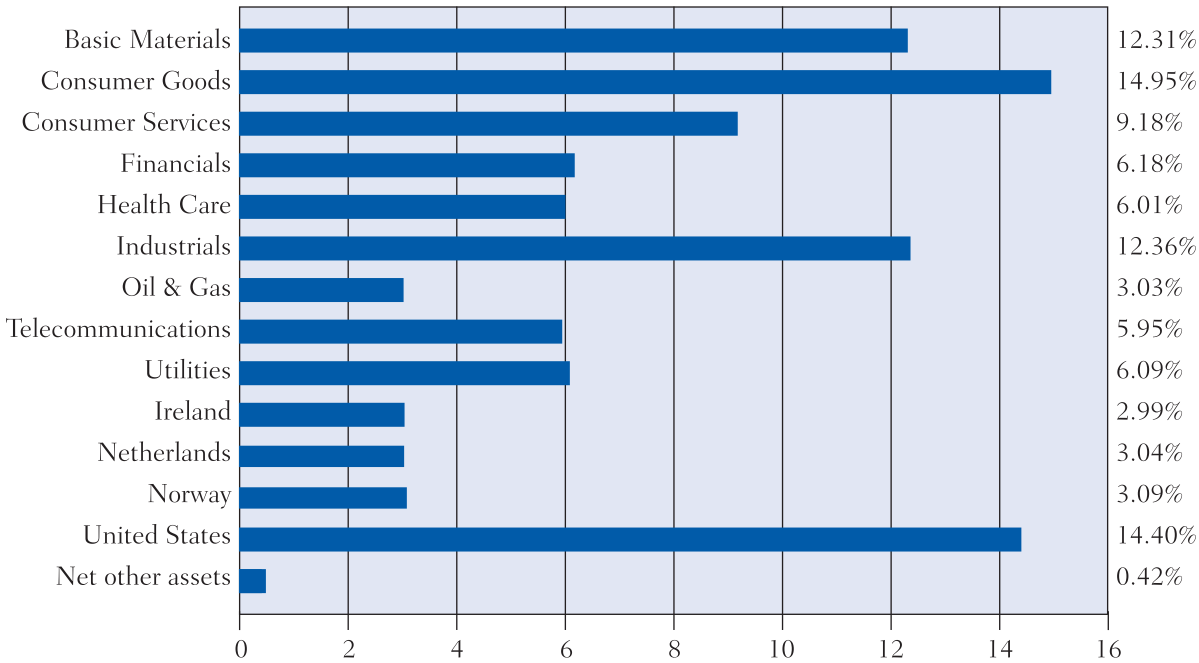
Classification of Investments

as at 31 December 2012



Geographical/Sector Spread of Investments

as at 31 December 2012



Investment Manager's Report

as for the year ended 31 December 2012

The first quarter of 2012 saw a strong start to the year as a result of a return of risk sentiment, driven by measures to improve liquidity globally. This rally faded as fears over the Eurozone grew in the second quarter. The main focus in this respect was on the French and Greek elections and the sovereign stress in Spain, resulting from the under-capitalisation of domestic banks. The second half of 2012 saw global markets rebound and rally into year end. This was spurred on by significant policy announcements in the world's major economies. Mario Draghi confirmed his commitment to support the Eurozone and announced Outright Monetary Transactions (OMT) to maintain peripheral sovereign yields at manageable levels, while the US and UK saw further Quantitative Easing. Global growth expectations picked up in the latter part of the year on the back of resurgent Chinese data, the continued US recovery and ongoing structural re-alignments in the Eurozone.

In terms of portfolio movements, the most significant changes occurred in the third quarter when the Sub-Fund further reduced its financials weighting whilst increasing its exposure to US-listed companies. The Sub-Fund took advantage of third quarter strength in financial stocks to take profits in bank holdings. Having already sold Barclays earlier in the year, this left the Sub-Fund with a large underweight in financials, particularly in banks where we continue to believe the sector's long-term return on equity will be structurally impaired by regulatory constraints, non-performing loan issues and insufficient provisioning. This cost the Sub-Fund in the latter half of the year, when the UK's domestic banks benefited from a reduction in European sovereign stress and the resultant sharply lower wholesale funding costs. Importantly, those banks that performed strongly in the final months of 2012 do not offer attractive dividends. The increase in US exposure was consistent with our desire to focus on companies with strong dividend growth potential and came at the expense of our Chinese holdings, China Mobile and PetroChina. A final change of note was when International Power was bought out in the second quarter by the French utility GDF Suez at what we considered to be an attractive price.

2012 saw continued strong dividend growth for the Sub-Fund. All 33 stocks held within the portfolio increased their dividend, with 27 stocks delivering growth of over 5%. Notable results were delivered by both advertising group WPP and Legal & General, whose dividends grew by 35% and 32% respectively. US-listed Proctor & Gamble, a new addition to the Sub-Fund, delivered a 55th consecutive year of dividend growth in excess of 5%. This focus on dividends led to a few portfolio changes, including the sale of RSA Insurance Group where we believe there are impediments to sufficient and sustainable dividend growth.

The FTSE All-Share Index delivered a return of 12.30% in 2012, whilst the average return for the IMA UK Equity Income sector was 14.09%. The Neptune Income Fund returned 10.80% and ended the year with a yield of 4.15%, which is comfortably above the IMA sector requirement. Since inception in December 2002, the Neptune Income Fund has risen 143.29% versus the FTSE All-Share Index return of 131.66% and the IMA UK Equity Income sector average gain of 122.58%. This outperformance sees the Fund ranked in the top quartile of the IMA sector group since launch.*

2013 will see the Neptune Income Sub-Fund continuing to focus on world class companies with strong international revenue streams that also have the capacity to generate attractive dividend growth. These companies should benefit from an improving macro-economic backdrop aided by the US recovery and wider emerging markets GDP growth.

**Source: Lipper, A Accumulation share class performance, IMA UK Equity Income sector, in sterling with no initial charges, net income reinvested to 31.12.12. The performance of other share classes may differ. Past performance is not a guide for future performance. The value of an investment and any income from it can fall as well as rise as a result of market and currency fluctuations and you may not get back the original amount invested. Neptune funds are not tied to replicating a benchmark and holdings can therefore vary from those in the index quoted. For this reason the comparison index should be used for reference only. Neptune funds may invest more than 35% in government and public securities in a number of jurisdictions. Forecasts are not a reliable indicator of future performance. Any views expressed are those of Neptune as at the date of issue and we do not undertake to advise you as to any changes in our views.*

Investment Objective and Policy

The investment objective of the Neptune India Fund is to generate capital growth from investment predominantly in Indian securities, or securities issued by companies transacting a significant proportion of their business in India.

Other eligible asset classes may include collective investment schemes, other transferable securities, cash or near cash, deposits and money market instruments.

It is anticipated that derivative instruments and forward transactions may be used by the ACD for efficient portfolio management.

It is the intention to be near-fully invested at all times, however, the Sub-Fund has the facility to take tactical positions in cash or near cash should the ACD feel it appropriate.

The portfolio will be managed to ensure that the Sub-Fund is at all times eligible to qualify and to be included in an Individual Savings Account.

Risk and Reward Profile

The Risk and Reward Indicator table demonstrates where the Sub-Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Sub-Fund. The shaded area in the table below shows the Sub-Fund's ranking on the Risk and Reward Indicator.

Typically lower rewards, lower risk ← → **Typically higher rewards, higher risk**

1	2	3	4	5	6	7

- This Sub-Fund is ranked at 7 because funds of this type have experienced very high rises and falls in value in the past. Please note that even the lowest risk ranking can lose you money and that extreme market circumstances can mean you suffer severe losses in all cases. The indicator does not take into account the following risks of investing in this Sub-Fund:
- Investing overseas can bring additional returns and spread risk to different markets. There are risks, however, that changes in currency rates will reduce the value of your investment.
- Emerging markets or less developed countries may face more political, economic or structural challenges than developed countries. This means your money may be at greater risk.
- This Sub-Fund holds a limited number of investments. If one of these investments falls in value this can have a greater impact on the Sub-Fund's value than if it held a larger number of investments.

Fund Facts

Accounting and Distribution Dates

Accounting dates	Distribution dates
30 June 31 December	31 August 28 February

Ongoing Charge Figure (OCF), this table replaces the TER table due to regulation change
The total ongoing charge figure (OCF) per share class are as follows:

Date	Share Class	Operating expenses (excluding transaction charge)† %	Transaction charges payable to the Depositary* %	Ongoing Charge Figure (OCF)** %
31.12.12	A Accumulation B Accumulation	2.30 1.85	0.05 0.05	2.35 1.90

†Operating expenses includes annual management charge and other expenses. The operating expenses for all share classes are currently capped to 2.50% by the ACD. This capping may cease at any time.

*The transaction charges payable to the Depositary are not included in the expenses cap.

**The OCF shows the annual expenses of the Sub-Fund as a percentage of the average net asset value, it helps you compare the annual expenses to different schemes.

Summary

Fund Performance

Share Class	Net Asset Value as at 31.12.12 pence per share	Net Asset Value as at 31.12.11 pence per share	Net Asset Value % change
A Accumulation	118.4	101.2	17.00
B Accumulation	121.6	103.5	17.49

Distributions

Share class	Total distribution (p) for the year to 31.12.12	Total distribution (p) for the year to 31.12.11
A Accumulation	—	—
B Accumulation	—	—

Comparative Tables

Calendar Year	A Accumulation shares		B Accumulation shares	
	Highest buying price (p)	Lowest selling price (p)	Highest buying price (p)	Lowest selling price (p)
2010	160.9	118.9	163.6	120.4
2011	154.3	100.2	157.0	102.4
2012	122.9	97.60	125.7	99.94

Net Asset Value

Date	31.12.12		31.12.11	
Net Asset Value (£)	27,330,301		26,426,765	
Share Class	Number of shares in issue	Net asset value per share (p)	Number of shares in issue	Net asset value per share (p)
A Accumulation	16,784,900	118.4	18,967,222	101.2
B Accumulation	6,133,881	121.6	6,986,752	103.5

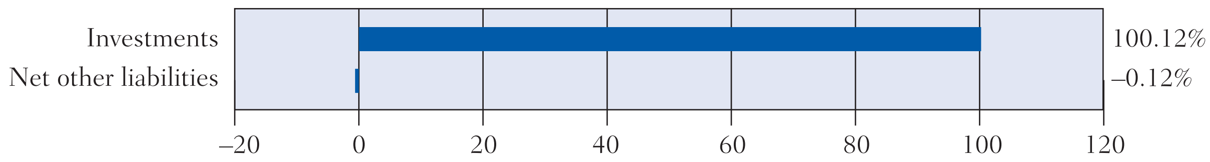
Risk Warning

Please remember that past performance should not be seen as a guide to future performance and that the value of an investment in an OEIC and the income from it can fall as well as rise and may be affected by exchange rate variations.

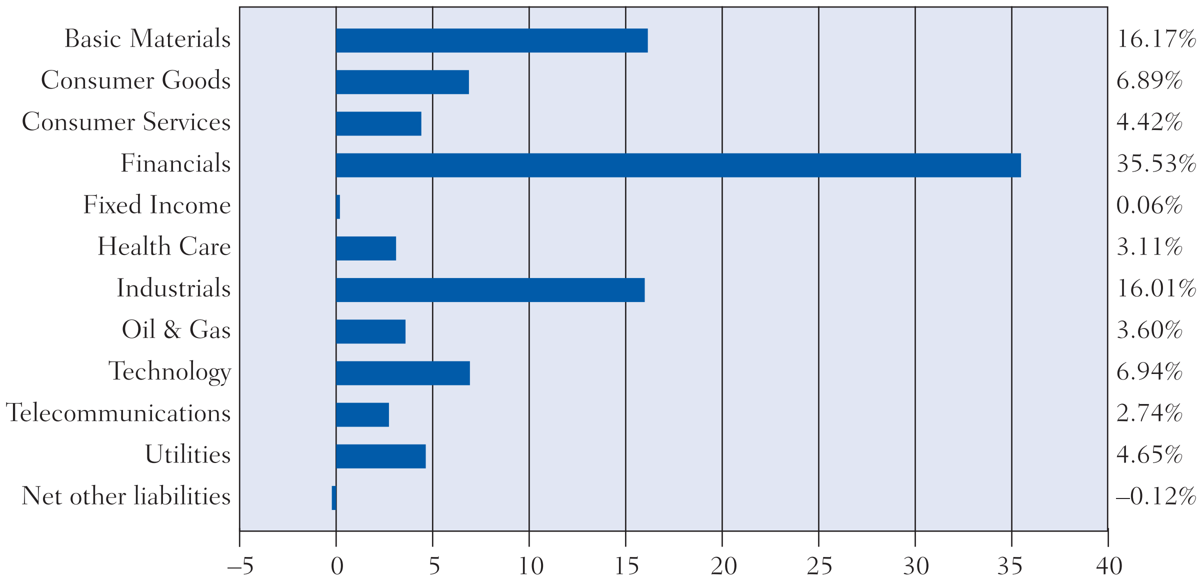
Ten Largest Holdings
as at 31 December 2012

	% of net assets
ICICI Bank	6.15
Reliance Industries	6.15
Housing Development Finance	4.96
Larsen & Toubro	4.94
Infosys	4.74
HDFC Bank ADR	4.44
Yes Bank	3.44
Federal Bank	3.38
ITC	3.06
Bharti Airtel	2.74

Classification of Investments
as at 31 December 2012



Sector Spread of Investments
as at 31 December 2012



Investment Manager's Report

as for the year ended 31 December 2012

Indian equities proved to be an exciting, and rewarding, area for investment over the course of 2012. The Indian market outperformed both the MSCI Emerging Markets and the MSCI World indices with an impressive return of 20.43%.* The first quarter saw India explode into action following a dreary 2011 as global markets were doused with liquidity emanating from Europe's Long-Term Refinancing Operation (LTRO). Capital flows are vitally important for India given its current account deficit and the market was supported by record flows into cash equities. Over $9bn was injected into the market, which drove up a number of stocks that had been priced for near bankruptcy. Expectations of a programme of monetary easing, political improvements and renewed investor optimism propelled the market higher. Indeed, the first quarter saw the tables turned as India jumped to be one of the best performing equity markets globally, having underperformed in 2011.

Following the strong first quarter rally, the second quarter of 2012 proved to be a more sobering affair as global economic concerns reared their heads once more. Uncertainty surrounding the situation in Europe combined with weak data emanating out of both the US and China meant that it was a poor period for risk assets. India, however, performed resiliently. It outperformed both the MSCI World and the MSCI Emerging Market indices in local currency and continued to shrug off disappointing growth and inflation data as investors focused on the longer-term outlook. The second half of the year was dominated by a dramatic shift in the reformist intent of the government. Indeed the Indian government did more in two days than in the previous four years. Led by the newly installed reformist Finance Minister, P Chidambaram, the Congress government were finally able to reach consensus to propose reforms that encouraged foreign investment and address the bottlenecks that have hindered infrastructure growth. This led to a huge surge in foreign capital flows – $24bn were invested into India equities in 2012, which is the second highest in history and represented 54% of total Asian flows.

The Neptune India Sub-Fund returned 15.72% during 2012, placing the Sub-Fund in the top quartile of the IMA Specialist peer group. The Sub-Fund underperformed the MSCI India Index through the relative performance in the first quarter.* Throughout the year the Sub-Fund changed its positioning significantly. Having begun 2012 heavily overweight domestic consumption themes through the consumer staples and healthcare sectors, we became more cyclically exposed in the second half of the year. We increased our weighting towards financials, consumer discretionary and industrials whilst we reversed our positions in consumer staples and healthcare and carried an underweight position. Our positioning in technology and financials contributed positively to performance, with our mix of private large and medium sized banks outperforming the market.

Looking ahead to 2013, we expect the welcome resurgence of policy reform from the revitalised government to continue and that the market will like this. The budget at the end of February will be important in contextualising how the remainder of the year will pan out from an economic perspective. From a corporate level, we expect earnings to begin to recover and tick upwards which will work into current valuations. We continue to believe that a number of sectors remain attractively priced. On a regional basis, India now screens particularly well, a beneficiary of benign commodity prices, a programme of easing is expected as other markets tighten, and the earnings cycle has bottomed and will improve. As India embarks on its road to economic recovery, we are expecting a strong start to the year as a number of catalysts will likely continue to drive the Indian equity market higher.

**Source: Lipper, A Accumulation share class performance, in sterling with no initial charges, net income reinvested to 31.12.12. The performance of other share classes may differ. Past performance is not a guide for future performance. Investments in emerging markets may be higher risk. The value of an investment and any income from it can fall as well as rise as a result of market and currency fluctuations and you may not get back the original amount invested. Neptune funds are not tied to replicating a benchmark and holdings can therefore vary from those in the index quoted. For this reason the comparison index should be used for reference only. Neptune funds may invest more than 35% in government and public securities in a number of jurisdictions. Forecasts are not a reliable indicator of future performance. Any views expressed are those of Neptune as at the date of issue and we do not undertake to advise you as to any changes in our views.*

Please note Kunal Desai became the Lead Manager of this fund on 1 December 2012, having been the Assistant Fund Manager from 1 January 2012.

Investment Objective and Policy

The investment objective of the Neptune Japan Opportunities Fund is to generate consistent capital growth by investing, predominantly in a concentrated portfolio of Japanese securities with a view to attaining top quartile performance within the appropriate peer group.

Other eligible asset classes may include collective investment schemes, other transferable securities, cash or near cash, deposits and money market instruments.

It is anticipated that derivative instruments and forward transactions may be used by the ACD for efficient portfolio management.

It is the intention to be near-fully invested at all times, however, the Sub-Fund has the facility to take tactical positions in cash or near cash should the ACD feel it appropriate.

The portfolio will be managed to ensure that the Sub-Fund is at all times eligible to qualify and to be included in an Individual Savings Account.

Risk and Reward Profile

The Risk and Reward Indicator table demonstrates where the Sub-Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Sub-Fund. The shaded area in the table below shows the Sub-Fund's ranking on the Risk and Reward Indicator.

Typically lower rewards, lower risk ← → Typically higher rewards, higher risk

1	2	3	4	5	6	7

- This Sub-Fund is ranked at 6 because funds of this type have experienced high rises and falls in value in the past. Please note that even the lowest risk ranking can lose you money and that extreme market circumstances can mean you suffer severe losses in all cases. The indicator does not take into account the following risks of investing in this Sub-Fund:
- Investing overseas can bring additional returns and spread risk to different markets. There are risks, however, that changes in currency rates will reduce the value of your investment.
- The Manager aims to remove the impact of changes in exchange rates between the yen and pounds sterling by hedging, a currency transaction which can protect against such movements. However, if exchange rates move contrary to the Manager's expectations this can have a significant negative impact on the value of your investment.
- This Sub-Fund holds a limited number of investments. If one of these investments falls in value this can have a greater impact on the Sub-Fund's value than if it held a larger number of investments.

Fund Facts

Accounting and Distribution Dates

Accounting dates	Distribution dates
30 June 31 December	31 August 28 February

Ongoing Charge Figure (OCF), this table replaces the TER table due to regulation change
The total ongoing charge figure (OCF) per share class are as follows:

Date	Share Class	Operating expenses (excluding transaction charge)† %	Transaction charges payable to the Depositary* %	Ongoing Charge Figure (OCF)** %
31.12.12	A Accumulation	1.72	—	1.72
	B Accumulation	1.22	—	1.22
	C Accumulation	2.50	—	2.50
	A Accumulation USD	2.50	—	2.50
	B Accumulation USD	2.50	—	2.50

†Operating expenses includes annual management charge and other expenses. The operating expenses for all share classes are currently capped to 2.50% by the ACD. With effect from January 2013 the operating expenses of the C share class will be capped at 1.00%. Any or all capping may cease at any time.

*The transaction charges payable to the Depositary are not included in the expenses cap.

**The OCF shows the annual expenses of the Sub-Fund as a percentage of the average net asset value, it helps you compare the annual expenses to different schemes.

Summary

Fund Performance

Share Class	Net Asset Value as at 31.12.12 pence per share	Net Asset Value as at 31.12.11 pence per share	Net Asset Value % change
A Accumulation	254.9	218.4	16.71
B Accumulation	263.8	225.0	17.24
C Accumulation†	119.7	—	—
A Accumulation USD	64.12	55.37	15.80
B Accumulation USD	67.16	56.94	17.95

†Launched 3 October 2012.

Distributions

Share class	Total distribution (p/¢) for the year to 31.12.12	Total distribution (p/¢) for the year to 31.12.11
A Accumulation	0.1192p	—
B Accumulation	0.8498p	1.0627p
C Accumulation†	—	—
A Accumulation USD	—	—
B Accumulation USD	—	0.1848¢

†Launched 3 October 2012.

Comparative Tables

Calendar Year	A Accumulation shares		B Accumulation shares	
	Highest buying price (p)	Lowest selling price (p)	Highest buying price (p)	Lowest selling price (p)
2010	315.2	241.6	322.0	247.1
2011	300.9	215.6	308.5	221.9
2012	260.7	207.7	268.8	214.6

Calendar Year	C Accumulation shares†		A Accumulation USD shares††	
	Highest buying price (p)	Lowest selling price (p)	Highest buying price (¢)	Lowest selling price (¢)
2010	—	—	124.5	95.31
2011	—	—	124.2	84.34
2012	120.3	98.18	105.0	81.34

Calendar Year	B Accumulation USD shares††	
	Highest buying price (¢)	Lowest selling price (¢)
2010	125.6	96.62
2011	126.6	86.72
2012	107.8	83.46

†Launched 3 October 2012.
††Launched 1 May 2009.

Summary (continued)

Net Asset Value

Date	31.12.12		31.12.11	
Net Asset Value (£)	112,921,917		121,590,002	
Share Class	Number of shares in issue	Net asset value per share (p)	Number of shares in issue	Net asset value per share (p)
A Accumulation	22,357,838	254.9	25,589,522	218.4
B Accumulation	21,064,313	263.8	27,082,238	225.0
C Accumulation†	81,159	119.7	—	—
A Accumulation USD	395,967	64.12	1,290,531	55.37
B Accumulation USD	18,602	67.16	7,133,460	56.94

†Launched 3 October 2012.

Risk Warning

Please remember that past performance should not be seen as a guide to future performance and that the value of an investment in an OEIC and the income from it can fall as well as rise and may be affected by exchange rate variations.

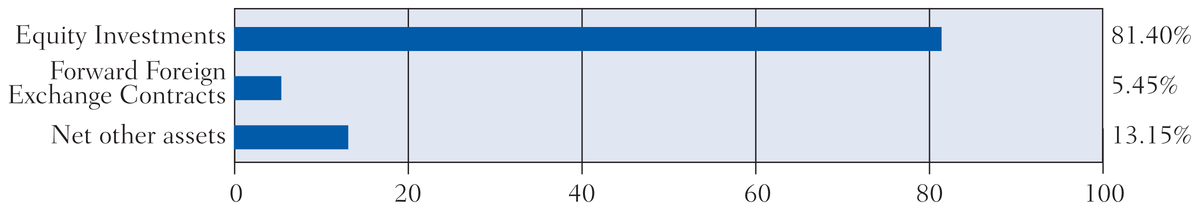
Ten Largest Holdings

as at 31 December 2012

	% of net assets
Toyota Motor	5.04
Mitsui Fudosan	4.93
Mitsubishi Estate	4.84
Toshiba Plant Systems & Services	3.53
Jafco	3.18
Nomura	3.17
Kubota	3.10
Daiwa Securities	2.98
Mitsui	2.83
Daikin Industries	2.78

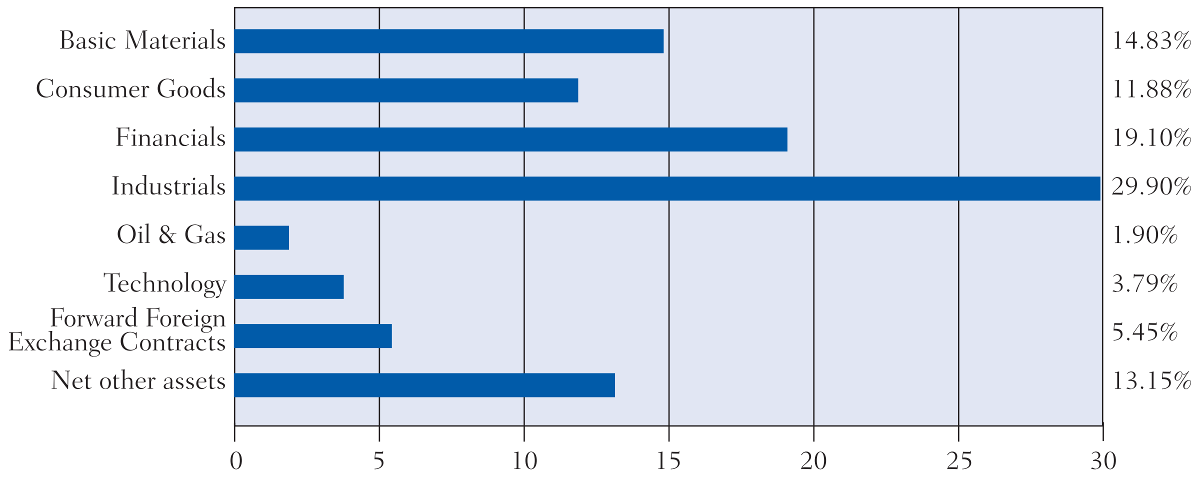
Classification of Investments

as at 31 December 2012



Sector Spread of Investments

as at 31 December 2012



Investment Manager's Report
as for the year ended 31 December 2012

The Neptune Japan Opportunities Sub-Fund had a strong 2012, returning 17.14% compared to the TOPIX Index's return of 2.82% and the IMA Japan sector average gain of 3.13%. This outperformance saw the Sub-Fund ranked 1st out of the 50 competitors in the IMA universe. The Sub-Fund enjoyed strong opening and closing quarters of the year, whilst mildly underperforming during the middle two quarters of 2012. Little change was made to the portfolio, and the Sub-Fund's weightings bias was strongly to beneficiaries of yen weakness.

The Sub-Fund's outperformance came primarily from sterling's 14.17% appreciation versus the yen. Additional positive performance came from stock selection due to maintaining an overweight position in firms largely dependent upon overseas sales and profits. Chemical and paint firms did well, with over 40% rise in yen terms achieved by Shin-etsu Chemicals, Nippon and Kansai Paints. Organisations such as the air conditioner firm Daikin and agricultural equipment firm Kubota profited from a combination of being dominant players in their respective sectors and having a truly global client base for their products. As in many other markets, financials recovered strongly from their recent travails but the non-bank sectors were additionally helped by the local recovery in property prices and share transaction volumes. This meant the property firms and broking/corporate finance houses did even better, with many coming close to doubling. The Sub-Fund's exposure to electronics, other material sub-sectors, the trading houses and some more domestic focused firms underperformed. Electronic companies remained under severe negative structural pressure from a combination of uncompetitively priced consumer products, too much vertical integration and the yen's strength over the last few years.

Japanese stocks started the year strongly before being sold off in line with most other equity markets upon renewed concern regarding a likely global economic slowdown. The latter saw the yen move in the opposite direction, down when the market went up and vice versa. This pattern continued during the second and third quarters when Japanese stocks fell across this period responding to renewed investor concerns. The negative impact upon corporate profits of the continued slowdown in global economic growth and the anti-Japanese protests in China saw many firms having to temporarily close their local subsidiaries and lose sales of their products. The yen's strength reflected its status as a safe haven under such circumstances. However, the second half of the fourth quarter saw the market rally sharply, on hopes of a new government being formed and resurgent growth across the world, combined with their recovering stock markets.The November announcement of a December election for the Lower House triggered a reassessment of Japan and the yen's prospects based on the Liberal Democratic Party (LDP) and Prime Minister Shinzo Abe being able to enact his 'Three Arrows' strategy. The strategy aims to weaken the yen, dramatically improve corporate profits, taxes, wages and employment, whilst also reasserting Japan's position in the world. The election resulted in the LDP holding a "supermajority", sufficient not only to dominate the Lower House but also to force legislation through the Upper House. Statements regarding the yen and the Bank of Japan's (BoJ) fate saw the currency weaken by c.10%, helping the market to rally.

Looking to 2013 we anticipate that the LDP's measures, including the recent yen 10.3 trillion supplementary budget, will push Japan out of its current mild recession and see the Upper House elections in July go in their favour. With the replacement of the present governor of the BoJ, the Japanese economy should see a weakening of the yen and gains in domestic share prices. The Sub-Fund will remain positioned largely as it is, focusing on Japanese-based global sector leading companies. The strategic currency hedge (offsetting position) will remain in place as we see no break in Japan's negative fiscal situation, which is now being acknowledged by capital market participants.

**Source: Lipper, A Accumulation share class performance, IMA Japan sector, in sterling with no initial charges, net income reinvested to 31.12.12. The performance of other share classes may differ. Past performance is not a guide for future performance. The value of an investment and any income from it can fall as well as rise as a result of market and currency fluctuations and you may not get back the original amount invested. Neptune funds are not tied to replicating a benchmark and holdings can therefore vary from those in the index quoted. For this reason the comparison index should be used for reference only. Neptune funds may invest more than 35% in government and public securities in a number of jurisdictions. Forecasts are not a reliable indicator of future performance. Any views expressed are those of Neptune as at the date of issue and we do not undertake to advise you as to any changes in our views.*

Investment Objective and Policy

The investment objective of the Neptune Latin America Fund is to generate capital growth from investment predominantly in Latin American securities, or in the securities issued by companies transacting a significant proportion of their business in Latin America.

Other eligible asset classes may include collective investment schemes, other transferable securities, cash or near cash, deposits and money market instruments.

It is anticipated that derivative instruments and forward transactions may be used by the ACD for efficient portfolio management.

It is the intention to be near-fully invested at all times, however, the Sub-Fund has the facility to take tactical positions in cash or near cash should the ACD feel it appropriate.

The portfolio will be managed to ensure that the Sub-Fund is at all times eligible to qualify and to be included in an Individual Savings Account.

Risk and Reward Profile

The Risk and Reward Indicator table demonstrates where the Sub-Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Sub-Fund. The shaded area in the table below shows the Sub-Fund's ranking on the Risk and Reward Indicator.

Typically lower rewards, lower risk ← → Typically higher rewards, higher risk

1	2	3	4	5	6	7

- This Sub-Fund is ranked at 7 because funds of this type have experienced very high rises and falls in value in the past. Please note that even the lowest risk ranking can lose you money and that extreme market circumstances can mean you suffer severe losses in all cases. The indicator does not take into account the following risks of investing in this Sub-Fund:
- Investing overseas can bring additional returns and spread risk to different markets. There are risks, however, that changes in currency rates will reduce the value of your investment.
- Emerging markets or less developed countries may face more political, economic or structural challenges than developed countries. This means your money may be at greater risk.
- This Sub-Fund holds a limited number of investments. If one of these investments falls in value this can have a greater impact on the Sub-Fund's value than if it held a larger number of investments.

Fund Facts

Accounting and Distribution Dates

Accounting dates	Distribution dates
30 June 31 December	31 August 28 February

Ongoing Charge Figure (OCF), this table replaces the TER table due to regulation change
The total ongoing charge figure (OCF) per share class are as follows:

Date	Share Class	Operating expenses (excluding transaction charge)† %	Transaction charges payable to the Depositary* %	Ongoing Charge Figure (OCF)** %
31.12.12	A Accumulation	2.00	0.03	2.03
	B Accumulation	1.51	0.03	1.54

†Operating expenses includes annual management charge and other expenses. The operating expenses for all share classes are currently capped to 2.50% by the ACD. This capping may cease at any time.

*The transaction charges payable to the Depositary are not included in the expenses cap.

**The OCF shows the annual expenses of the Sub-Fund as a percentage of the average net asset value, it helps you compare the annual expenses to different schemes.

Summary

Fund Performance

Share Class	Net Asset Value as at 31.12.12 pence per share	Net Asset Value as at 31.12.11 pence per share	Net Asset Value % change
A Accumulation	120.9	102.6	17.84
B Accumulation	123.7	104.3	18.60

Distributions

Share class	Total distribution (p) for the year to 31.12.12	Total distribution (p) for the year to 31.12.11
A Accumulation	1.0651	0.5951
B Accumulation	1.3877	1.2088

Comparative Tables

Calendar Year	A Accumulation shares		B Accumulation shares	
	Highest buying price (p)	Lowest selling price (p)	Highest buying price (p)	Lowest selling price (p)
2010	131.4	100.7	132.9	101.4
2011	131.7	94.11	133.2	95.59
2012	121.7	103.4	124.4	105.1

Net Asset Value

Date	31.12.12		31.12.11	
Net Asset Value (£)	35,916,939		30,695,582	
Share Class	Number of shares in issue	Net asset value per share (p)	Number of shares in issue	Net asset value per share (p)
A Accumulation	18,159,245	120.9	15,694,240	102.6
B Accumulation	11,285,665	123.7	13,987,973	104.3

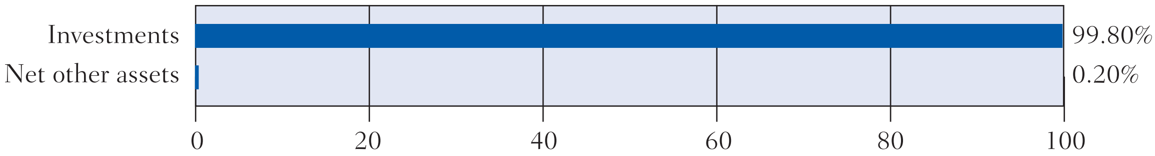
Risk Warning

Please remember that past performance should not be seen as a guide to future performance and that the value of an investment in an OEIC and the income from it can fall as well as rise and may be affected by exchange rate variations.

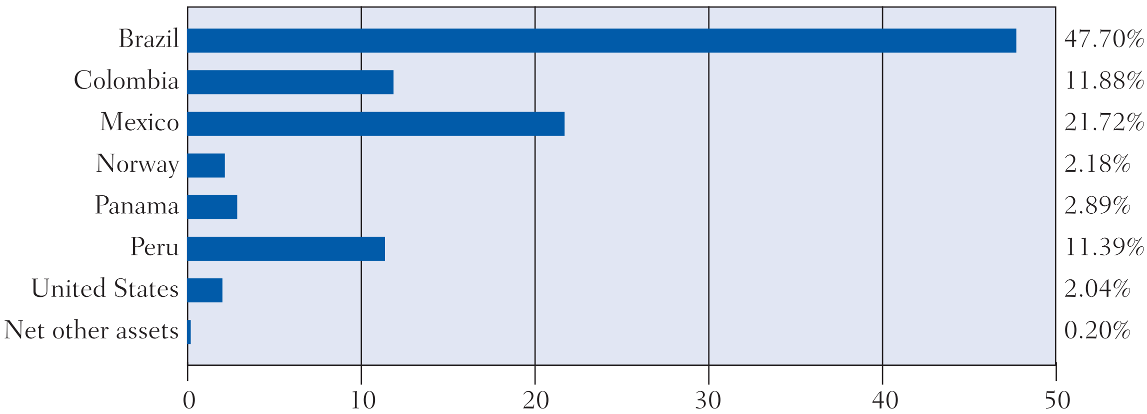
Ten Largest Holdings
as at 31 December 2012

	% of net assets
Itau Unibanco PREF ADR	5.79
Vale ADR	5.39
Banco Bradesco PREF	4.90
Ecopetrol ADR	3.90
Petroleo Brasileiro ADR	3.67
Alicorp	3.30
Grana y Montero	3.26
Grupo Financiero Banorte	3.01
Copa 'A'	2.89
Credicorp	2.88

Classification of Investments
as at 31 December 2012



Geographical Spread of Investments
as at 31 December 2012



Investment Manager's Report
as for the year ended 31 December 2012

2012 was a very strong year for the Neptune Latin America Sub-Fund. With outperformance in both rising and falling markets across all four quarters the Sub-Fund gained 17.21% compared with the MSCI EM Latin America Index return of 4.11%, an outperformance of 13.10%.*

In Brazil areas of domestic demand, such as consumption, remained strong, supported by low unemployment and healthy income growth. A continuation of the much improved social mobility trends of the past decade and the burgeoning middle class has meant consumer spending has remained strong, even as credit growth has slowed. The more globally exposed sectors have suffered amid the slowdown in China and the sovereign debt crisis in Europe. Mexico saw economic growth accelerate through 2012 supported both by the recovering US economy and significantly improved levels of competitiveness versus the previous decade. Wage inflation in China, the relative weakness of the Mexican peso against the Chinese Renminbi, and high energy prices contributed to Mexico taking an increasing share of US imports. More global exporters to the US are increasing capacity in Mexico and this trend should continue for some time. Auto production in Mexico stands at record levels and expansions are set to increase by a third by 2014. For the first time in a decade, the Mexican Bolsa was the best performing regional market, returning 21.3% in 2013.†

Peru and Colombia have also found themselves thriving despite the global economic slowdown due to the strength of internal demand. As the two fastest growing economies in Latin America, Colombia is growing at 5% per annum and Peruvian growth accelerated to over 7% during the third quarter. Peruvian President Humala has taken a market friendly stance and business and consumer confidence rose in 2012. Potential investment in Peru remains vast and the country is seeing record Foreign Direct Investment inflows into an unprecedented project pipeline. Either Peru or Colombia have been the best performing market in Latin America in nine out of ten years, with Colombia returning 21% in 2012, 0.25% behind Mexico. The major drivers of the Sub-Fund's outperformance in 2012 were its strong overweight in industrials and underweight in energy. We held a range of industrial stocks benefiting from increased levels of infrastructure investment across the region, with holdings in Brazil, Mexico, Colombia and Peru, as well as companies exposed to Mexico's increased competitiveness in exporting to the US. This includes Mexican manufacturers as well as logistics companies benefiting from increased export volumes. Alfa, an exporter of auto parts and petrochemicals, increased 88% during 2012.†

With benchmark interest rates in Brazil falling from 12.5% to 7.25% over the past 18 months, and a number of other stimulus measures to drive credit growth and support the industrial sector, economic momentum in Brazil is improving and should continue to do so into 2013. Data from China is picking up, global economic momentum is accelerating; and the outlook for 2013 is much brighter. We believe Mexico looks set for another strong year and there is increasing optimism over the potential for reforms under the new President Enrique Pena Nieto. Labour reform has already been passed and more private sector involvement in the energy sector should lead to meaningfully higher returns on investment as well as higher fiscal revenues and higher economic growth. Economic reforms in Colombia continue to drive strong growth and peace talks with the FARCs could see further positive structural changes driving higher infrastructure investments. Peru is set to continue with strong Gross Domestic Product growth (6%) and is Latin America's fastest growing economy, led by consumption and investment. Political risks associated with President Humala continue to decline and we believe exciting opportunities remain throughout the economy, from consumption to infrastructure, as investment continues to accelerate.

**Source: Lipper, A Accumulation share class performance, in sterling with no initial charges, net income reinvested to 31.12.12. The performance of other share classes may differ. Past performance is not a guide for future performance.*

†Bloomberg, as at 31.12.12. Investments in emerging markets may be higher risk. The value of an investment and any income from it can fall as well as rise as a result of market and currency fluctuations and you may not get back the original amount invested. Neptune funds are not tied to replicating a benchmark and holdings can therefore vary from those in the index quoted. For this reason the comparison index should be used for reference only. Neptune funds may invest more than 35% in government and public securities in a number of jurisdictions. Forecasts are not a reliable indicator of future performance. Any views expressed are those of Neptune as at the date of issue and we do not undertake to advise you as to any changes in our views.

Investment Objective and Policy

The investment objective of the Neptune Monthly Income Fund is to generate monthly income with the potential for capital growth, from an actively managed portfolio invested predominantly in UK equities, with some overseas exposure.

The Sub-Fund aims to achieve top quartile performance in terms of total return against the appropriate peer group.

The Sub-Fund may also invest in collective investment schemes, other transferable securities, cash or near cash, deposits and money market instruments.

It is anticipated that derivative instruments and forward transactions may be used by the ACD for efficient portfolio management.

It is the intention to be near-fully invested at all times, however the Sub-Fund has the facility to take tactical positions in cash or near cash should the ACD feel it appropriate.

The portfolio will be managed to ensure that the Sub-Fund is at all times eligible to qualify and to be included in an Individual Savings Account.

Risk and Reward Profile

The Risk and Reward Indicator table demonstrates where the Sub-Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Sub-Fund. The shaded area in the table below shows the Sub-Fund's ranking on the Risk and Reward Indicator.

Typically lower rewards, lower risk ← → **Typically higher rewards, higher risk**

1	2	3	4	5	6	7

- This Sub-Fund is ranked at 6 because funds of this type have experienced high rises and falls in value in the past. Please note that even the lowest risk ranking can lose you money and that extreme market circumstances can mean you suffer severe losses in all cases. The indicator does not take into account the following risks of investing in this Sub-Fund:
- The level of income is not guaranteed.
- Investing overseas can bring additional returns and spread risk to different markets. There are risks, however, that changes in currency rates will reduce the value of your investment.

Fund Facts

Accounting and Distribution Dates

Accounting dates	Distribution dates
	31 March
	30 April
	31 May
	30 June
	31 July
30 June	31 August
	30 September
	31 October
	30 November
	31 December
	31 January
31 December	28 February

Ongoing Charge Figure (OCF), this table replaces the TER table due to regulation change
The total ongoing charge figure (OCF) per share class are as follows:

Date	Share Class	Operating expenses (excluding transaction charge)† %	Transaction charges payable to the Depositary* %	Ongoing Charge Figure (OCF)** %
31.12.12	A Income	2.00	—	2.00
	A Accumulation	2.00	—	2.00
	B Income	2.00	—	2.00
	B Accumulation	2.00	—	2.00

†Operating expenses includes annual management charge and other expenses. The operating expenses for all share classes are currently capped to 2.00% by the ACD. This capping may cease at any time.

*The transaction charges payable to the Depositary are not included in the expenses cap.

**The OCF shows the annual expenses of the Sub-Fund as a percentage of the average net asset value, it helps you compare the annual expenses to different schemes.

Summary

Fund Performance

Share Class	Net Asset Value as at 31.12.12 pence per share	Net Asset Value as at 31.12.11 pence per share	Net Asset Value % change
A Income	99.14	—*	—
A Accumulation	99.12	—*	—
B Income	99.13	—*	—
B Accumulation	99.19	—*	—

*Launched on 20 December 2012.

Distributions

Share class	Total distribution (p) for the period to 31.12.12
A Income	—
A Accumulation	—
B Income	—
B Accumulation	—

Comparative Tables

Calendar Year	A Income shares		A Accumulation shares	
	Highest buying price (p)	Lowest selling price (p)	Highest buying price (p)	Lowest selling price (p)
2012*	100.1	99.25	100.1	99.25

Calendar Year	B Income shares		B Accumulation shares	
	Highest buying price (p)	Lowest selling price (p)	Highest buying price (p)	Lowest selling price (p)
2012*	100.1	99.26	100.1	99.29

*Launched on 20 December 2012.

Net Asset Value

Date	31.12.12	
Net Asset Value (£)	1,194,230	
Share Class	Number of shares in issue	Net asset value per share (p)
A Income	1,000	99.14
A Accumulation	1,000	99.12
B Income	1,000	99.13
B Accumulation	1,201,000	99.19

Risk Warning

Please remember that past performance should not be seen as a guide to future performance and that the value of an investment in a Sub-Fund and the income from it can fall as well as rise and may be affected by exchange rate variations.

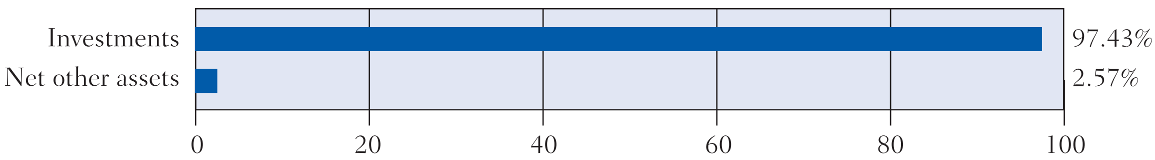
Ten Largest Holdings

as at 31 December 2012

	% of net assets
Jardine Lloyd Thompson	1.28
Domino Printing Sciences	1.26
Interserve	1.26
Novae	1.26
Anglo Pacific	1.25
Berendsen	1.25
Premier Farnell	1.25
Marston's	1.25
HSBC	1.25
Daily Mail & General Trust	1.24

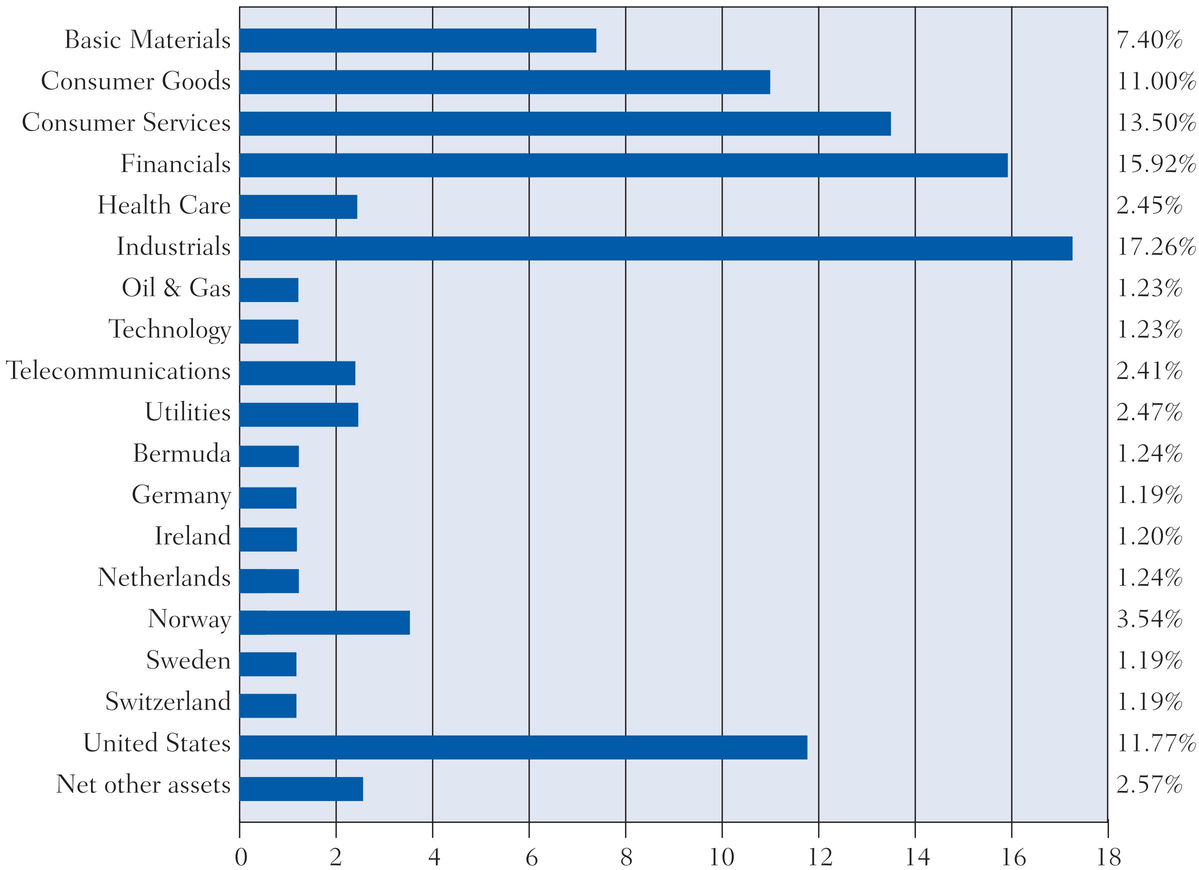
Classification of Investments

as at 31 December 2012



Geographical/Sector Spread of Investments

as at 31 December 2012



Investment Manager's Report

for the period from 20 December 2012 to 31 December 2012

The Neptune Monthly Income Sub-Fund was launched on the 20 December 2012. The investment objective of the Sub-Fund is to generate monthly income with the potential for capital growth, from an actively managed portfolio invested predominantly in UK equities, with some overseas exposure.

In 2013 we expect global growth expectations to improve on the back of more positive Chinese data, the continued US recovery, particularly in housing, and the ongoing structural re-alignment in the Eurozone. The Sub-Fund will focus on world class UK companies with strong international revenue streams that also have the capacity to generate attractive dividend growth. These companies should benefit from an improving economic backdrop, aided by the US recovery and wider emerging markets Gross Domestic Product growth.

We believe the current backdrop remains supportive for equity income investors. Corporate balance sheets remain at the strongest levels for a decade whilst dividend payout ratios remain at the low end of their historic range. In our view, this offers an attractive opportunity for equity income investors as surplus cash is increasingly being returned to shareholders. As a result, the Neptune Monthly Income Sub-Fund is focused on companies that can demonstrate sustainable dividend growth, without sacrificing capital growth for the sake of a higher yield.

The Neptune Monthly Income Sub-Fund was launched with a focus on economically sensitive sectors, and is currently overweight industrials, consumer discretionary and information technology, while being underweight energy and telecommunications.

The value of an investment and any income from it can fall as well as rise as a result of market and currency fluctuations and you may not get back the original amount invested. Some Neptune funds may be higher risk than other funds. Neptune funds are not tied to replicating a benchmark and holdings can therefore vary from those in the index quoted. For this reason the comparison index should be used for reference only. There is no assurance that the fund objective will actually be achieved. Neptune funds may invest more than 35% in government and public securities in a number of jurisdictions. Forecasts are not a reliable indicator of future performance. Any views expressed are those of Neptune as at the date of issue and we do not undertake to advise you as to any changes in our views.

Investment Objective and Policy

The investment objective of the Neptune Russia & Greater Russia Fund is to generate capital growth from investment predominantly in Russian and Greater Russian securities or securities issued by companies transacting a significant proportion of their business in Russia and Greater Russia.

Other eligible asset classes may include collective investment schemes, other transferable securities, cash or near cash, deposits and money market instruments.

It is anticipated that derivative instruments and forward transactions may be used by the ACD for efficient portfolio management.

It is the intention to be near-fully invested at all times, however, the Sub-Fund has the facility to take tactical positions in cash or near cash should the ACD feel it appropriate.

The portfolio will be managed to ensure that the Sub-Fund is at all times eligible to qualify and to be included in an Individual Savings Account.

Risk and Reward Profile

The Risk and Reward Indicator table demonstrates where the Sub-Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Sub-Fund. The shaded area in the table below shows the Sub-Fund's ranking on the Risk and Reward Indicator.

Typically lower rewards, lower risk ← → **Typically higher rewards, higher risk**

1	2	3	4	5	6	7

- This Sub-Fund is ranked at 7 because funds of this type have experienced very high rises and falls in value in the past. Please note that even the lowest risk ranking can lose you money and that extreme market circumstances can mean you suffer severe losses in all cases. The indicator does not take into account the following risks of investing in this Sub-Fund:
- Investing overseas can bring additional returns and spread risk to different markets. There are risks, however, that changes in currency rates will reduce the value of your investment.
- Emerging markets or less developed countries may face more political, economic or structural challenges than developed countries. This means your money may be at greater risk.
- This Sub-Fund holds a limited number of investments. If one of these investments falls in value this can have a greater impact on the Sub-Fund's value than if it held a larger number of investments.

Fund Facts

Accounting and Distribution Dates

Accounting dates	Distribution dates
30 June 31 December	31 August 28 February

Ongoing Charge Figure (OCF), this table replaces the TER table due to regulation change
The total ongoing charge figure (OCF) per share class are as follows:

Date	Share Class	Operating expenses (excluding transaction charge)† %	Transaction charges payable to the Depositary* %	Ongoing Charge Figure (OCF)** %
31.12.12	A Accumulation	1.80	0.08	1.88
	B Accumulation	1.35	0.07	1.42
	C Accumulation	0.86	0.08	0.94
	A Accumulation EUR	1.87	0.07	1.94
	B Accumulation EUR	2.50	0.04	2.54
	A Accumulation USD	1.92	0.08	2.00
	B Accumulation USD	1.85	0.06	1.91

†Operating expenses includes annual management charge and other expenses. The operating expenses for all share classes are currently capped to 2.50% by the ACD. This capping may cease at any time.

*The transaction charges payable to the Depositary are not included in the expenses cap.

**The OCF shows the annual expenses of the Sub-Fund as a percentage of the average net asset value, it helps you compare the annual expenses to different schemes.

Summary

Fund Performance

Share Class	Net Asset Value as at 31.12.12 pence per share	Net Asset Value as at 31.12.11 pence per share	Net Asset Value % change
A Accumulation	296.1	286.6	3.31
B Accumulation	319.7	296.3	7.90
C Accumulation†	89.38	—	—
A Accumulation EUR	113.0	109.5	3.20
B Accumulation EUR	111.9	109.4	2.29
A Accumulation USD	78.80	76.35	3.21
B Accumulation USD	80.14	77.73	3.10

†Launched 3 October 2012.

Summary (continued)

Distributions

Share class	Total distribution (p/¢) for the year to 31.12.12	Total distribution (p/¢) for the year to 31.12.11
A Accumulation	1.0872p	—
B Accumulation	2.4634p	0.5290p
C Accumulation†	0.1152p	—
A Accumulation EUR	0.4218¢	—
B Accumulation EUR	—	—
A Accumulation USD	0.3040¢	—
B Accumulation USD	—	0.0953¢

†Launched 3 October 2012.

Comparative Tables

Calendar Year	A Accumulation shares		B Accumulation shares	
	Highest buying price (p)	Lowest selling price (p)	Highest buying price (p)	Lowest selling price (p)
2010	401.0	286.4	412.5	293.9
2011	422.4	261.6	435.1	270.2
2012	349.1	261.5	361.2	271.0

Calendar Year	C Accumulation shares†	
	Highest buying price (p)	Lowest selling price (p)
2012	100.0	91.85

Calendar Year	A Accumulation EUR shares		B Accumulation EUR shares	
	Highest buying price (¢)	Lowest selling price (¢)	Highest buying price (¢)	Lowest selling price (¢)
2010	179.6	127.7	178.9	127.5
2011	188.7	115.8	188.0	115.7
2012	159.0	124.1	158.8	123.8

Calendar Year	A Accumulation USD shares		B Accumulation USD shares	
	Highest buying price (¢)	Lowest selling price (¢)	Highest buying price (¢)	Lowest selling price (¢)
2010	165.6	114.7	167.8	115.2
2011	181.9	107.8	184.3	109.7
2012	147.4	106.7	149.8	108.5

†Launched 3 October 2012.

Summary (continued)

Net Asset Value

Date	31.12.12		31.12.11	
Net Asset Value (£)	370,929,570		409,710,285	
Share Class	Number of shares in issue	Net asset value per share (p)	Number of shares in issue	Net asset value per share (p)
A Accumulation	108,051,326	296.1	115,773,921	286.6
B Accumulation	8,602,879	319.7	18,519,916	296.3
C Accumulation†	11,256,245	89.38	—	—
A Accumulation EUR	6,185,285	113.0	6,413,200	109.5
B Accumulation EUR	9,300	111.9	755,947	109.4
A Accumulation USD	6,887,056	78.80	11,893,702	76.35
B Accumulation USD	1,181,655	80.14	7,918,546	77.73

†Launched 3 October 2012.

Risk Warning

Please remember that past performance should not be seen as a guide to future performance and that the value of an investment in an OEIC and the income from it can fall as well as rise and may be affected by exchange rate variations.

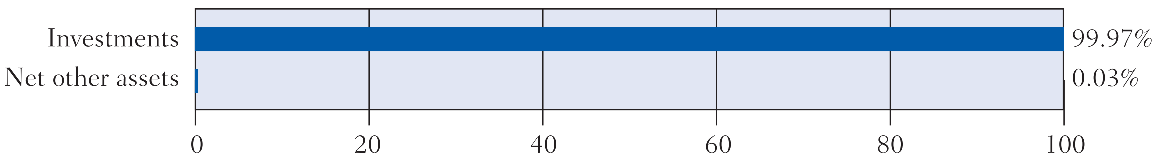
Ten Largest Holdings

as at 31 December 2012

	% of net assets
Lukoil ADR	9.59
Sberbank of Russia ADR	9.59
Rosneft Oil GDR	6.65
Globaltrans GDR	5.02
NovaTek GDR	4.73
Uralkali GDR	4.50
Gazprom Neft ADR	4.42
Bashneft	4.28
Polyus Gold	4.07
MMC Norilsk Nickel ADR	4.05

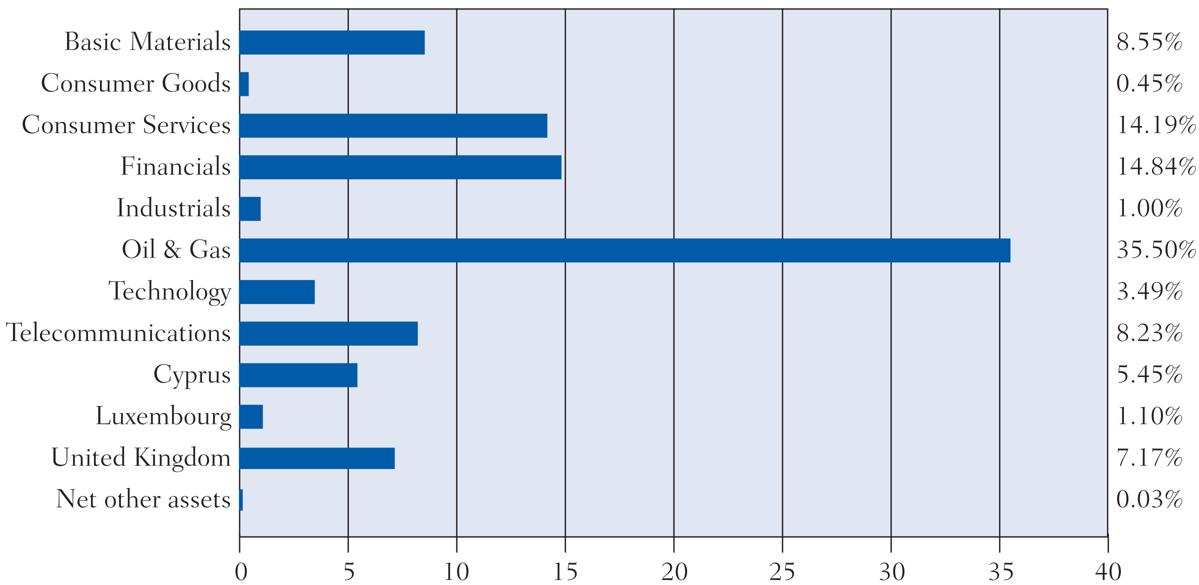
Classification of Investments

as at 31 December 2012



Sector/Geographical Spread of Investments

as at 31 December 2012



Investment Manager's Report

as for the year ended 31 December 2012

The Neptune Russia and Greater Russia Sub-Fund returned 4.19% in 2012, versus the MSCI Russia Large Cap Index return of 9.30%.* Since inception, the Sub-Fund has returned 198.70% against the Index return of 64.38%.

The Sub-Fund's underperformance relative to the benchmark in 2012 was attributable to the first quarter of the year, where negative contributors to the Sub-Fund's performance were an overweight in the metals and mining sector and a large holding in food retailer X5. The Sub-Fund performed more strongly in the second half of the year, marginally outperforming the MSCI Russia Large Cap Index. The strongest positive contributors to Sub-Fund performance came from stocks in the telecommunications, information technology, consumer and energy sectors. During the course of the year, the Sub-Fund increased its positioning in industrials on the back of a positive outlook for investment growth in the medium-term, underpinned by the need to upgrade the country's transportation infrastructure. The Sub-Fund significantly reduced its energy exposure to natural gas at the beginning of the year, owing to concerns regarding increasing taxation and growing pressure on traditional export markets. Simultaneously, exposure to oil companies was increased as operating dynamics continue to be very strong and dividend payments extremely healthy.

In 2012, key events included the uneventful presidential election in March, followed by the formation of the new government in May. Key priorities set for the coming term include improving the business environment in Russia and increasing investment. The Russian Central Bank, meanwhile, continued on its reformist path towards a policy of inflation targeting, which we consider to be a very positive development. On the corporate front, significant developments included the acquisition of TNK-BP by Rosneft, which created the largest public oil company in the world, and a positive resolution to the longstanding shareholder dispute at Norilsk Nickel. In 2013, we will be focusing in particular on progress made by government agencies in fulfilling their 'Doing Business' targets, on the dynamics of investment, and on the direction of the Central Bank in a year in which a new governor is set to take over the reins.

The Sub-Fund ended the year with overweights in the consumer and industrials sectors. A longstanding overweight in the consumer staples space is now bolstered by new positions in consumer discretionary stocks, which offer greater leverage to growing retail credit penetration. We are neutral financials and telecommunications, being upbeat on the outlook for both industries but selective about how we gain exposure to it. We see a mixed picture within materials, where our upbeat view on demand for leading commodities in 2013 is often outweighed by challenging valuations. We remain underweight both gas and utilities, the industries that we continue to see as structurally challenged.

We are very positive on the outlook for the Russian market in 2013. The MSCI Russia Index is currently trading on a price-to-earnings multiple (a valuation ratio of a company's current share price compared to its per-share earnings) of 5.9 for 2013, representing a 47% discount to the emerging markets average.* We consider the magnitude of this discount to be unwarranted and see the market as quite cheap. Key arguments in favour of this discount closing this year include the large increase in dividend payments, which is being observed at both state-owned and private companies; financial market liberalisation, which is providing access to Russia to a wider range of investors; and the regulatory changes being implemented by the Central Bank that should lower the market's risk premium.

**Source: Lipper, A Accumulation share class performance, in sterling with no initial charges, net income reinvested to 31.12.12. The performance of other share classes may differ. Past performance is not a guide for future performance. Investments in emerging markets may be higher risk. The value of an investment and any income from it can fall as well as rise as a result of market and currency fluctuations and you may not get back the original amount invested. Neptune funds are not tied to replicating a benchmark and holdings can therefore vary from those in the index quoted. For this reason the comparison index should be used for reference only. Neptune funds may invest more than 35% in government and public securities in a number of jurisdictions. Forecasts are not a reliable indicator of future performance. Any views expressed are those of Neptune as at the date of issue and we do not undertake to advise you as to any changes in our views.*

Investment Objective and Policy

The investment objective of the Neptune South East Asia Fund is to generate capital growth by investing predominantly in a concentrated portfolio of securities selected from the Asian and Pacific markets (excluding Japan) with a view to attaining top quartile performance within the appropriate peer group.

Other eligible asset classes may include collective investment schemes, other transferable securities, cash or near cash, deposits and money market instruments.

It is anticipated that derivative instruments and forward transactions may be used by the ACD for efficient portfolio management.

It is the intention to be near-fully invested at all times, however, the Sub-Fund has the facility to take tactical positions in cash or near cash should the ACD feel it appropriate.

The portfolio will be managed to ensure that the Sub-Fund is at all times eligible to qualify and to be included in an Individual Savings Account.

Risk and Reward Profile

The Risk and Reward Indicator table demonstrates where the Sub-Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Sub-Fund. The shaded area in the table below shows the Sub-Fund's ranking on the Risk and Reward Indicator.

Typically lower rewards, lower risk ← → **Typically higher rewards, higher risk**

1	2	3	4	5	6	7

- This Sub-Fund is ranked at 6 because funds of this type have experienced high rises and falls in value in the past. Please note that even the lowest risk ranking can lose you money and that extreme market circumstances can mean you suffer severe losses in all cases. The indicator does not take into account the following risks of investing in this Sub-Fund:
- Investing overseas can bring additional returns and spread risk to different markets. There are risks, however, that changes in currency rates will reduce the value of your investment.
- Emerging markets or less developed countries may face more political, economic or structural challenges than developed countries. This means your money may be at greater risk.
- This Sub-Fund holds a limited number of investments. If one of these investments falls in value this can have a greater impact on the Sub-Fund's value than if it held a larger number of investments

Fund Facts

Accounting and Distribution Dates

Accounting dates	Distribution dates
30 June 31 December	31 August 28 February

Ongoing Charge Figure (OCF), this table replaces the TER table due to regulation change
The total ongoing charge figure (OCF) per share class are as follows:

Date	Share Class	Operating expenses (excluding transaction charge)† %	Transaction charges payable to the Depositary* %	Ongoing Charge Figure (OCF)** %
31.12.12	A Accumulation	2.50	0.07	2.57
	B Accumulation	1.88	0.06	1.94
	A Accumulation EUR	2.50	0.12	2.62
	B Accumulation EUR	2.50	0.03	2.53
	A Accumulation USD	2.30	0.07	2.37
	B Accumulation USD	2.50	0.11	2.61

†Operating expenses includes annual management charge and other expenses. The operating expenses for all share classes are currently capped to 2.50% by the ACD. This capping may cease at any time.

*The transaction charges payable to the Depositary are not included in the expenses cap.

**The OCF shows the annual expenses of the Sub-Fund as a percentage of the average net asset value, it helps you compare the annual expenses to different schemes.

Neptune South East Asia Fund

Summary

Fund Performance

Share Class	Net Asset Value as at 31.12.12 pence per share	Net Asset Value as at 31.12.11 pence per share	Net Asset Value % change
A Accumulation	93.67	84.03	11.47
B Accumulation	95.28	84.94	12.17
A Accumulation EUR	122.1	109.3	11.71
B Accumulation EUR	129.7	113.4	14.37
A Accumulation USD	90.66	81.16	11.71
B Accumulation USD	96.10	84.10	14.27

Distributions

Share class	Total distribution (p/¢) for the year to 31.12.12	Total distribution (p/¢) for the year to 31.12.11
A Accumulation	0.6593p	—
B Accumulation	1.0060p	0.3271p
A Accumulation EUR	1.5498¢	—
B Accumulation EUR	4.4222¢	3.0774¢
A Accumulation USD	1.2256¢	0.2371¢
B Accumulation USD	4.2226¢	3.1032¢

Comparative Tables

Calendar Year	A Accumulation shares		B Accumulation shares	
	Highest buying price (p)	Lowest selling price (p)	Highest buying price (p)	Lowest selling price (p)
2010	103.9	80.86	104.4	79.55
2011	104.3	76.81	107.4	77.57
2012	94.71	83.24	96.33	84.41

Calendar Year	A Accumulation EUR shares		B Accumulation EUR shares	
	Highest buying price (¢)	Lowest selling price (¢)	Highest buying price (¢)	Lowest selling price (¢)
2010	157.0	118.7	160.1	118.9
2011	159.2	115.7	162.5	119.2
2012	152.5	131.6	161.4	137.1

Calendar Year	A Accumulation USD shares		B Accumulation USD shares	
	Highest buying price (¢)	Lowest selling price (¢)	Highest buying price (¢)	Lowest selling price (¢)
2010	162.3	118.1	164.6	117.5
2011	158.1	114.1	160.4	117.7
2012	147.8	124.4	161.4	117.7

Summary (continued)

Net Asset Value

Date	31.12.12		31.12.11	
Net Asset Value (£)	16,483,480		17,144,346	
Share Class	Number of shares in issue	Net asset value per share (p)	Number of shares in issue	Net asset value per share (p)
A Accumulation	1,439,162	93.67	1,489,927	84.03
B Accumulation	4,480,029	95.28	5,182,029	84.94
A Accumulation EUR	1,000	122.1	57,150	109.3
B Accumulation EUR	1,000	129.7	1,000	113.4
A Accumulation USD	11,982,833	90.66	14,077,921	81.16
B Accumulation USD	1,000	96.10	1,000	84.10

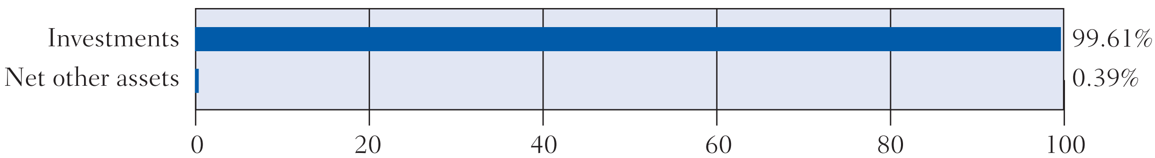
Risk Warning

Please remember that past performance should not be seen as a guide to future performance and that the value of an investment in an OEIC and the income from it can fall as well as rise and may be affected by exchange rate variations.

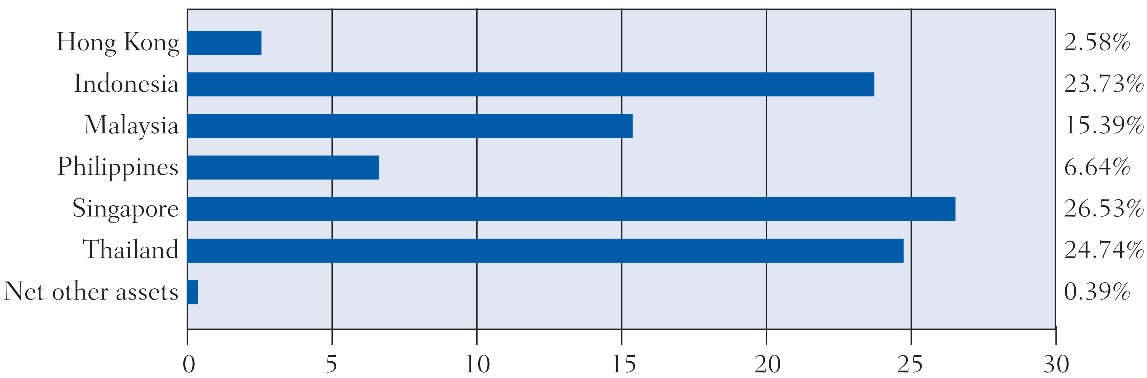
Ten Largest Holdings
as at 31 December 2012

	% of net assets
United Overseas Bank	4.36
Malayan Banking	4.10
PTT NVDR	3.95
Siam Cement NVDR	3.76
CapitaLand	3.43
DBS	3.40
Bangkok Bank NVD	3.24
Astra	3.19
Keppel	3.09
Indocement Tunggal Prakarsa	3.05

Classification of Investments
as at 31 December 2012



Geographical Spread of Investments
as at 31 December 2012



Investment Manager's Report

as for the year ended 31 December 2012

The Neptune South East Asia Sub-Fund returned 11.66% in 2012, versus the MSCI South East Asia Index gain of 17.39%.* The Sub-Fund's objective and benchmark was changed at the end of March, with the Neptune Asia Pacific Opportunities Sub-Fund's investment remit narrowed from the wider Asia Pacific excluding Japan region, to focus only on those markets in the South East Asia region. To reflect its new investment objective, the Sub-Fund's name was changed to the Neptune South East Asia Sub-Fund.

The Sub-Fund aims to benefit from what we believe is one of the most compelling growth stories in the world, driven by demand from within South East Asia. The Sub-Fund focuses on two central themes: the region's positive population profile, and the acceleration of investment in infrastructure. The change in remit led to shifts in geographical asset allocations. We exited positions in Australia, China, India, Taiwan and Korea, and traded into positions in Singapore, Malaysia, Indonesia, Thailand and the Philippines; while maintaining our sector weightings.

During the second quarter, global equity markets were extremely volatile, and South East Asian markets were no exception. South East Asian equities were led down by economically-sensitive sectors most vulnerable to deteriorating global growth expectations. As such, materials and energy underperformed. On a country basis, Malaysia – with its low foreign ownership and supportive domestic institutional investor base – outperformed despite significant political uncertainty. Thailand and Indonesia underperformed as might be expected in such a 'risk-off' environment, though this should be seen in the context of their outstanding performance in previous quarters. The Sub-Fund's focus on quality names at reasonable valuations served us well, and our underperformance was modest.

Despite the enduring sense of 'doom and gloom' conveyed by market commentators and participants alike, the third quarter was in fact a very profitable period for those invested in South East Asian equities. South East Asian equities continued to perform well in the final quarter of 2012. The Sub-Fund's outperformance during the final quarter of the year can be accounted for by its exposure to the financials sector, which performed strongly across most global equity markets. We were also encouraged by the ongoing lacklustre performance of the consumer sectors, where we continue to shy away from the aggressive valuation multiples commanded by many of these names. We will be looking to add more direct consumer exposure as and when absolute and relative valuations normalise. Despite solid performance in the final months of the year, we were unable to make up the underperformance from the first quarter.

On a country basis, the Philippines remained very strong. We have some exposure here and our stocks, including Ayala Corp and SM Investments, performed very well. The Philippines as a whole can be viewed as a pure example of the consumer theme and is, therefore, somewhere we would look to be structurally overweight going forward.

**Source: Lipper, A Accumulation share class performance, in sterling with no initial charges, net income reinvested to 31.12.12. The performance of other share classes may differ. Past performance is not a guide for future performance. Investments in emerging markets may be higher risk. The value of an investment and any income from it can fall as well as rise as a result of market and currency fluctuations and you may not get back the original amount invested. Neptune funds are not tied to replicating a benchmark and holdings can therefore vary from those in the index quoted. For this reason the comparison index should be used for reference only. Neptune funds may invest more than 35% in government and public securities in a number of jurisdictions. Forecasts are not a reliable indicator of future performance. Any views expressed are those of Neptune as at the date of issue and we do not undertake to advise you as to any changes in our views.*

Please note that Ewan Thompson assumed responsibility for the management of the Sub-Fund on 31 January 2013.

Investment Objective and Policy

The investment objective of the Neptune UK Equity Fund is to generate capital growth from investment predominantly in UK securities with the aim of achieving top quartile performance within the appropriate peer group.

Other eligible asset classes may include collective investment schemes, other transferable securities, cash or near cash, deposits and money market instruments.

It is anticipated that derivative instruments and forward transactions may be used by the ACD for efficient portfolio management.

It is the intention to be near-fully invested at all times, however, the Sub-Fund has the facility to take tactical positions in cash or near cash should the ACD feel it appropriate.

The portfolio will be managed to ensure that the Sub-Fund is at all times eligible to qualify and to be included in an Individual Savings Account.

Risk and Reward Profile

The Risk and Reward Indicator table demonstrates where the Sub-Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Sub-Fund. The shaded area in the table below shows the Sub-Fund's ranking on the Risk and Reward Indicator.

Typically lower rewards, lower risk ← → **Typically higher rewards, higher risk**

1	2	3	4	5	6	7

- This Sub-Fund is ranked at 6 because funds of this type have experienced high rises and falls in value in the past. Please note that even the lowest risk ranking can lose you money and that extreme market circumstances can mean you suffer severe losses in all cases. The indicator does not take into account the following risks of investing in this Sub-Fund:
- This Sub-Fund holds a limited number of investments. If one of these investments falls in value this can have a greater impact on the Sub-Fund's value than if it held a larger number of investments.

Fund Facts

Accounting and Distribution Dates

Accounting dates	Distribution dates
30 June 31 December	31 August 28 February

Ongoing Charge Figure (OCF), this table replaces the TER table due to regulation change
The total ongoing charge figure (OCF) per share class are as follows:

Date	Share Class	Operating expenses (excluding transaction charge)† %	Transaction charges payable to the Depositary* %	Ongoing Charge Figure (OCF)** %
31.12.12	A Accumulation	1.91	0.01	1.92
	B Accumulation	1.70	0.02	1.72

†Operating expenses includes annual management charge and other expenses. The operating expenses for all share classes are currently capped to 2.50% by the ACD. This capping may cease at any time.

*The transaction charges payable to the Depositary are not included in the expenses cap.

**The OCF shows the annual expenses of the Sub-Fund as a percentage of the average net asset value, it helps you compare the annual expenses to different schemes.

Summary

Fund Performance

Share Class	Net Asset Value as at 31.12.12 pence per share	Net Asset Value as at 31.12.11 pence per share	Net Asset Value % change
A Accumulation	169.5	155.3	9.14
B Accumulation	177.5	162.4	9.30

Distributions

Share class	Total distribution (p) for the year to 31.12.12	Total distribution (p) for the year to 31.12.11
A Accumulation	2.4483	1.5647
B Accumulation	2.9202	2.0909

Comparative Tables

Calendar Year	A Accumulation shares		B Accumulation shares	
	Highest buying price (p)	Lowest selling price (p)	Highest buying price (p)	Lowest selling price (p)
2010	172.4	138.8	179.8	144.4
2011	176.4	142.5	184.2	148.9
2012	173.3	152.9	181.4	159.9

Net Asset Value

Date	31.12.12		31.12.11	
Net Asset Value (£)	20,009,312		25,345,194	
Share Class	Number of shares in issue	Net asset value per share (p)	Number of shares in issue	Net asset value per share (p)
A Accumulation	10,815,595	169.5	15,265,719	155.3
B Accumulation	945,732	177.5	1,005,583	162.4

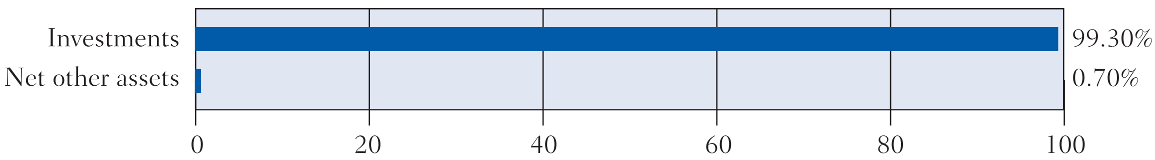
Risk Warning

Please remember that past performance should not be seen as a guide to future performance and that the value of an investment in an OEIC and the income from it can fall as well as rise and may be affected by exchange rate variations.

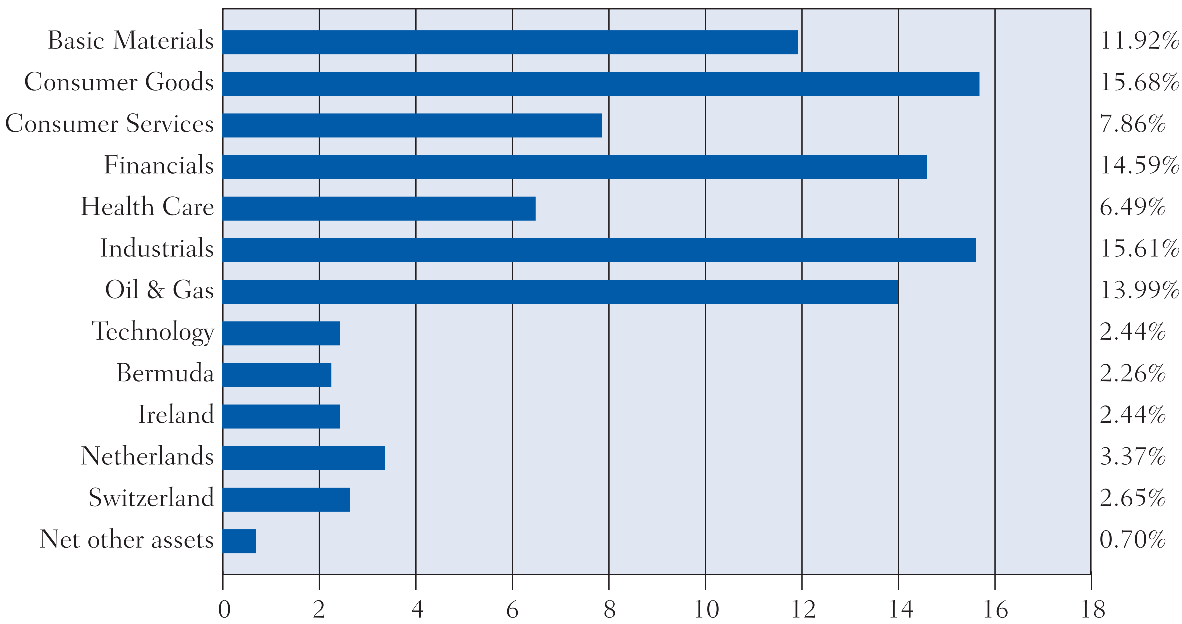
Ten Largest Holdings
as at 31 December 2012

	% of net assets
HSBC	8.57
BP	6.58
BHP Billiton	3.73
Rio Tinto	3.51
Royal Dutch Shell 'B'	3.37
GlaxoSmithKline	3.20
Prudential	3.02
BG	2.83
WPP	2.75
Bovis Homes	2.74

Classification of Investments
as at 31 December 2012



Sector/Geographical Spread of Investments
as at 31 December 2012



Investment Manager's Report

as for the year ended 31 December 2012

Global equity markets were in a state of uncertainty for a large part of 2012. Investors were left guessing about not only the eventual outcome of the sovereign debt crisis in Europe but also the question of a 'hard-landing' and the impact of the transition in leadership in China, and a US presidential election and the impending 'fiscal cliff'. The shock factor of Europe gradually subsided as the year progressed as a clearer picture began to emerge, which drove a rally in the second half of the year after a sharp sell-off in the second quarter; in the end, the UK equity market proved remarkably resilient over the year, with the FTSE All-Share Index marginally outperforming global markets and returning 12.30%.*

For the first four months of the year, the market traded in a narrow range of around +/-6%. In May, however, investor sentiment turned cautious ahead of important elections in France and Greece which placed anti-austerity politics in the headlines, as well as sovereign stress in Spain that lead to the rescue of its undercapitalised banks. The market fell 8% in the month. Since that point, however, the market has been on a pleasingly positive trajectory, boosted by Mario Draghi's strong "whatever it takes" defence of the Euro in late July. As concerns over the political uncertainty and the probability of a disorderly break-up of the Eurozone slowly abated, confidence slowly crept back into the markets, supported by not only a resumption of quantitative easing by the Federal Reserve and underlying strength in US housing market but also by positive economic data coming out of China, which all helped push the market steadily highs over the second half of the year. It remains our view that Europe will avoid the worst-case scenario and will muddle through, gradually ironing out a solution to the crisis without posing a serious systemic threat.

Strong performers over the year included financials, particularly banks, as well as a selection of consumer-facing stocks. Given the regulatory headwinds and capitalisation concerns surrounding the banking industry, we were underweight financials in 2012 which, unfortunately, was the largest contributor to the Fund's underperformance. This was offset to some extent by positive stock selection within the materials and energy sectors, spaces which, though impacted by a slowdown in Chinese demand, positively contributed to our overall performance. At a stock level, we benefited from merger and acquisition activity that led to healthy takeout premia for both International Power and Aegis Group. Overall, the Neptune UK Equity Sub-Fund returned 9.48% compared to the FTSE All-Share of 12.30% and the IMA UK All-Companies Average of 15.41%.*

The Sub-Fund's positioning going into 2013 is strongly weighted in favour of sectors and companies that offer a combination of structural growth alongside either a strong competitive advantage or a significant valuation discount. To satisfy the former we look for high barriers to entry, a leading market position and strong pricing power, and the latter may include misunderstood self-help stories, businesses with potential divestment opportunities or attractive acquisition targets. Within this framework, the Fund has reduced its exposure to the materials and energy sectors and is currently focused on the industrials and consumer discretionary sectors through companies with exposure to both the UK and international markets, two areas where we see the most upside opportunity in 2013.

**Source: Lipper, A Accumulation share class performance, IMA UK All Companies sector, in sterling with no initial charges, net income reinvested to 31.12.12. The performance of other share classes may differ. Past performance is not a guide for future performance. The value of an investment and any income from it can fall as well as rise as a result of market and currency fluctuations and you may not get back the original amount invested. Neptune funds are not tied to replicating a benchmark and holdings can therefore vary from those in the index quoted. For this reason the comparison index should be used for reference only. Neptune funds may invest more than 35% in government and public securities in a number of jurisdictions. Forecasts are not a reliable indicator of future performance. Any views expressed are those of Neptune as at the date of issue and we do not undertake to advise you as to any changes in our views.*

Please note that Scott MacLennan became Fund Manager of the Sub-Fund on 1 December 2012.

Neptune UK Higher Income Fund

Investment Objective and Policy

The investment objective of the Neptune UK Higher Income Fund is to generate an above average level of income, with the potential for capital growth, through an actively managed portfolio invested predominantly in UK securities with a minimum of 20% invested in UK fixed income securities and a minimum of 20% invested in UK equities, with the potential for some overseas exposure The Sub-Fund aims to achieve top quartle performance, in terms of total return, within the appropriate peer group.

Other eligible asset classes may include collective investment schemes, other transferable securities, cash or near cash, deposits and money market instruments.

It is anticipated that derivative instruments and forward transactions may be used by the ACD for efficient portfolio management.

It is the intention to be near fully invested at all times, however the Sub-Fund has the facility to take tactical positions in cash or near cash should the ACD feel it appropriate.

The portfolio will be managed to ensure that the Sub-Fund is at all times eligible to qualify and to be included in an Individual Savings Account.

Risk and Reward Profile

The Risk and Reward Indicator table demonstrates where the Sub-Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Sub-Fund. The shaded area in the table below shows the Sub-Fund's ranking on the Risk and Reward Indicator.

Typically lower rewards, lower risk ← → **Typically higher rewards, higher risk**

1	2	3	4	5	6	7

- This Sub-Fund is ranked at 5 because funds of this type have experienced medium to high rises and falls in value in the past. Please note that even the lowest risk ranking can lose you money and that extreme market circumstances can mean you suffer severe losses in all cases. The indicator does not take into account the following risks of investing in this Sub-Fund:
- Fixed interest stocks are the debts of governments and companies generally in the form of bonds. Bonds are affected by changes in interest rates, inflation and any decline in creditworthiness of the borrower (i.e. the bond issuer). Bonds that produce a higher level of income usually also carry greater risk as such bond issuers may have difficulty in repaying their financial obligations.
- The level of income is not guaranteed.
- This Sub-Fund holds a limited number of investments. If one of these investments falls in value this can have a greater impact on the Sub-Fund's value than if it held a larger number of investments.

Fund Facts

Accounting and Distribution Dates

Accounting dates	Distribution dates
30 June 31 December	31 August 28 February

Ongoing Charge Figure (OCF), this table replaces the TER table due to regulation change
The total ongoing charge figure (OCF) per share class are as follows:

Date	Share Class	Operating expenses (excluding transaction charge)† %	Transaction charges payable to the Depositary* %	Ongoing Charge Figure (OCF)** %
31.12.12	A Income	2.00	0.11	2.11
	A Accumulation	2.00	0.10	2.10
	B Income	2.00	0.08	2.08
	B Accumulation	2.00	0.10	2.10

†Operating expenses includes annual management charge and other expenses. The operating expenses for all share classes are currently capped to 2.00% by the ACD. This capping may cease at any time.

*The transaction charges payable to the Depositary are not included in the expenses cap.

**The OCF shows the annual expenses of the Sub-Fund as a percentage of the average net asset value, it helps you compare the annual expenses to different schemes.

Summary

Fund Performance

Share Class	Net Asset Value as at 31.12.12 pence per share	Net Asset Value as at 31.12.11 pence per share	Net Asset Value % change
A Income	106.0	99.14	6.92
A Accumulation	116.9	104.5	11.87
B Income	108.6	100.6	7.95
B Accumulation	114.8	102.4	12.11

Summary (continued)

Distributions

Share class	Total distribution (p) for the year to 31.12.12	Total distribution (p) for the year to 31.12.11
A Income	4.4913	5.1012
A Accumulation	4.7828	7.4607
B Income	4.6008	4.8480
B Accumulation	4.6913	4.8998

Comparative Tables

Calendar Year	A Income shares		A Accumulation shares	
	Highest buying price (p)	Lowest selling price (p)	Highest buying price (p)	Lowest selling price (p)
2010†	105.2	99.46	106.3	99.46
2011	108.1	94.16	110.5	97.39
2012	109.0	99.53	117.9	105.1

Calendar Year	B Income shares		B Accumulation shares	
	Highest buying price (p)	Lowest selling price (p)	Highest buying price (p)	Lowest selling price (p)
2010†	106.3	99.46	104.8	99.20
2011	108.8	94.95	108.2	95.41
2012	111.7	101.5	115.8	103.2

†Launched 30 September 2010.

Net Asset Value

Date	31.12.12		31.12.11	
Net Asset Value (£)	1,548,469		1,110,965	
Share Class	Number of shares in issue	Net asset value per share (p)	Number of shares in issue	Net asset value per share (p)
A Income	47,724	106.6	30,162	99.14
A Accumulation	38,668	116.2	8,922	104.5
B Income	331,000	108.6	1,000	100.6
B Accumulation	952,562	114.8	1,045,800	102.4

Risk Warning

Please remember that past performance should not be seen as a guide to future performance and that the value of an investment in an OEIC and the income from it can fall as well as rise and may be affected by exchange rate variations.

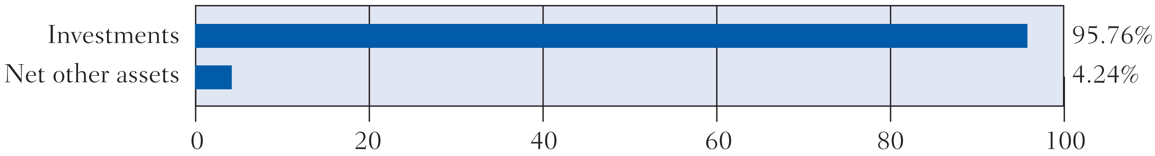
Ten Largest Holdings

as at 31 December 2012

	% of net assets
Anglo American Capital 6.875% 01/05/2018	3.78
BP Capital Markets 4.00% 29/12/2014	3.40
Tesco 5.00% 24/02/2014	3.36
Gazprom 6.58% 31/10/2013	3.33
BT 7.50% 07/12/2016	2.40
Smiths	2.22
Greene King	2.21
Victrex	2.18
CRH	2.17
Wolseley	2.15

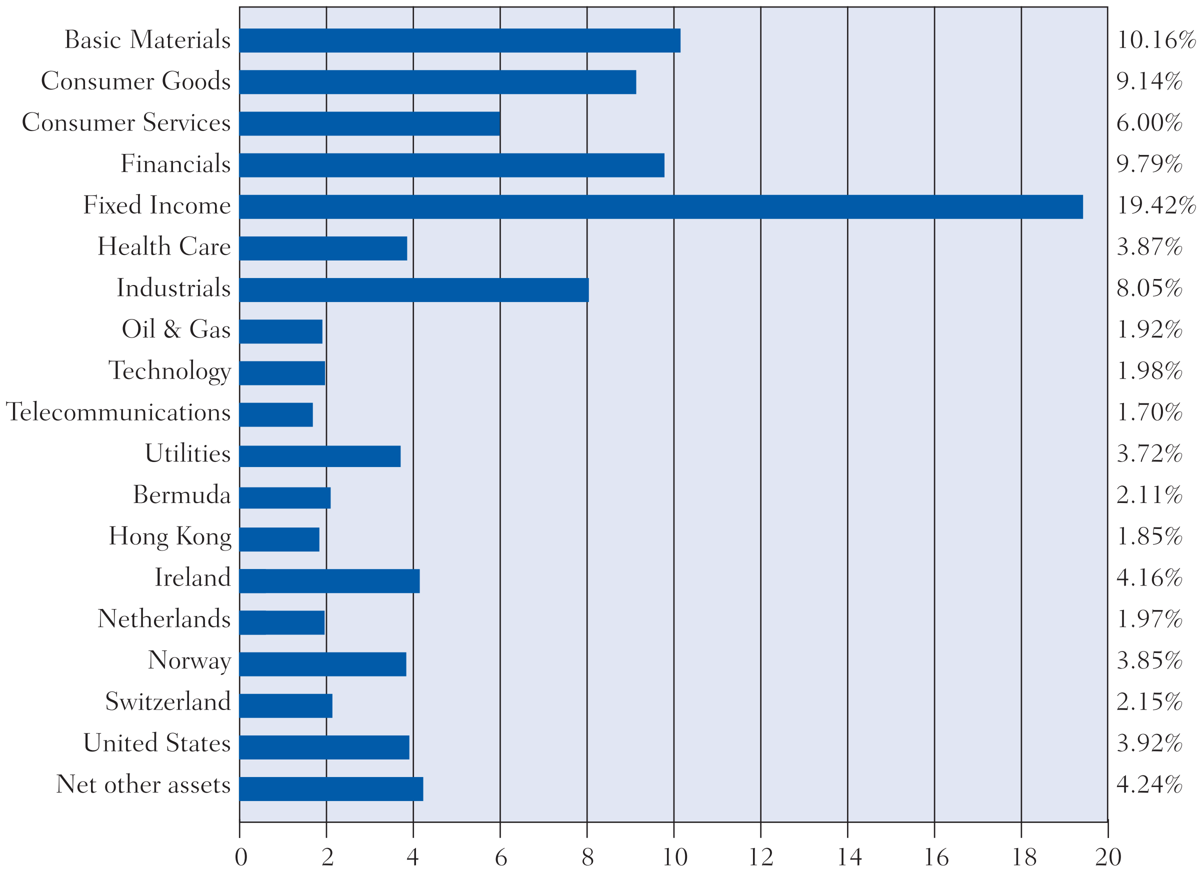
Classification of Investments

as at 31 December 2012



Geographical/Sector Spread of Investments

as at 31 December 2012



Investment Manager's Report

as for the year ended 31 December 2012

The first quarter of 2012 saw a strong start to the year as a result of a return of risk sentiment driven by measures to improve global liquidity. This rally faded as fears over the Eurozone grew as we entered the second quarter. The main focus in this respect was on the upcoming French and Greek elections and the sovereign stress in Spain resulting from the under-capitalisation of domestic banks. The second half of 2012 saw global markets bounce back from the second quarter and rally into year end. This was spurred on by significant policy announcements in the world's major economies. Mario Draghi confirmed his commitment to support the Eurozone and announced Outright Monetary Transactions (OMT) to maintain peripheral sovereign yields at manageable levels, while the US and UK saw further Quantitative Easing. Global growth expectations picked up in the latter part of the year on the back of resurgent China data, continued US recovery and the on-going structural re-alignment in the Eurozone.

This improvement in sentiment led to outperformance of economically sensitive sectors including financials and industrials, and underperformance of some defensive areas, including energy and healthcare. Our overweight position in consumer discretionary and underweight in energy contributed significantly to performance. Our underweight in financials negatively impacted the Sub-Fund's performance in the latter half of the year when the UK's domestic banks benefited from a reduction in European sovereign stress and lower wholesale funding costs. Strong performing holdings included media company UBM, financial companies Intermediate Capital and Close Brothers, and industrial company Halma. The two worst performing companies included transport company First Group, which suffered from falling margins in their UK business division, and ICAP, which continued to suffer from low transaction volumes.

Corproate bonds delivered excellent performance, with the Barclays Sterling Non-gilts Bond Index returning 13.6% in 2012. The bond rally was driven by better economic data and continued benign credit quality, and further inflows into fixed income funds. The tightening of corporate spreads was the major factor for the outperfomance as underlying gilts only returned 2.9%.† The best returns were found in non-investment grade bonds. The Sub-Fund's overweight in investment grade bonds caused underperformance relative to the Index but we continue to believe these bonds offer attractive risk-adjusted returns. The Neptune UK Higher Income Sub-Fund underperformed peers who had a larger allocation in bonds. We remain close to 80% invested in equities reflecting our conviction that equities, remain attractively valued relative to bonds in the medium term. The Sub-Fund made a number of changes during 2012, increasing exposure to economically sensitive sectors, by adding new positions in chemical and industrial companies, such as Victrex and Balfour Beatty. We sold First Group and ICAP following disappointing results. Exposure to telecommunications and energy companies was reduced. The Sub-Fund reinvested the proceeds from a mature Centrica bond maturing into a Scottish and Southern Energy bond.

The FTSE All-Share Index ended the year up 12.30% while the Neptune UK Higher Income Sub-Fund rose 12.16%. The IMA UK Equity Income & Bond Income sector fared better than the market, with an average return of 12.41%.* 2013 will see the Sub-Fund continue its focus on quality companies with strong international revenue streams with the capacity to generate attractive dividend growth.

**Source: Lipper, A Accumulation share class performance, IMA UK Equity Income & Bond sector, in sterling with no initial charges, net income reinvested to 31.12.12. The performance of other share classes may differ. Past performance is not a guide for future performance.*

†Bloomberg, as at 31.12.12. The value of an investment and any income from it can fall as well as rise as a result of market and currency fluctuations and you may not get back the original amount invested. Neptune funds are not tied to replicating a benchmark and holdings can therefore vary from those in the index quoted. For this reason the comparison index should be used for reference only. Neptune funds may invest more than 35% in government and public securities in a number of jurisdictions. Forecasts are not a reliable indicator of future performance. Any views expressed are those of Neptune as at the date of issue and we do not undertake to advise you as to any changes in our views.

Investment Objective

The investment objective of the Neptune UK Mid Cap Fund is to generate capital growth by investing predominantly in the companies of the FTSE Mid 250* and in the 50 largest companies by market capitalisation listed on the FTSE Small Cap* with a view to attaining top quartile performance within the appropriate peer group.

Other eligible asset classes may include collective investment schemes, other transferable securities (with no geographical restriction), collective investment schemes, cash or near cash, deposits and money market instruments.

It is anticipated that derivative instruments and forward transactions may be used by the ACD for efficient portfolio management.

It is the intention to be near-fully invested at all times, however, the Sub-Fund has the facility to take tactical positions in cash or near cash should the ACD feel it appropriate.

The portfolio will be managed to ensure that the Sub-Fund is at all times eligible to qualify and to be included in an Individual Savings Account.

*The ACD may substitute these indices at its absolute discretion where they become unavailable, cease to operate or otherwise where the ACD believes there is a more appropriate alternative.

Important Information

Please note that following approval from the Financial Services Authority, on 2 April 2013 the investment objective of the Neptune UK Mid Cap Fund was changed to:

'generating capital growth by investing predominantly in the companies of the FTSE 250 Mid Index and in the 50 largest companies by market capitalisation listed on the FTSE Small Cap Index (excluding investment trusts and other funds) with a view to attaining top quartile performance within the appropriate peer group.'

The Sub-Fund's previous objective allowed it to invest in the shares of companies listed on the FTSE 250 Mid Index, as well as the top 50 companies by size listed on the FTSE Small Cap Index. However, a number of the top 50 companies listed on the FTSE Small Cap Index are investment trusts or other funds structured as companies which – as this is an equity fund – we do not invest in. By excluding investment trusts and other funds, we believe the Sub-Fund will be better able to meet its objective of investing purely in company shares, without limiting it to a smaller investible universe of the applicable 50 listings on the FTSE Small Cap Index.

If you have any questions relating to this changes, please do not hesitate to contact us on 0800 587 5051 (or +44 1268 44 3920 if calling from outside the UK).

Risk and Reward Profile

The Risk and Reward Indicator table demonstrates where the Sub-Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Sub-Fund. The shaded area in the table below shows the Sub-Fund's ranking on the Risk and Reward Indicator.

Typically lower rewards, lower risk ← → **Typically higher rewards, higher risk**

1	2	3	4	5	6	7

- This Sub-Fund is ranked at 6 because funds of this type have experienced high rises and falls in value in the past. Please note that even the lowest risk ranking can lose you money and that extreme market circumstances can mean you suffer severe losses in all cases. The indicator does not take into account the following risks of investing in this Sub-Fund:
- Smaller company shares may be riskier as they can be more difficult to buy and sell and their share prices may move up and down more than larger companies.
- This Sub-Fund holds a limited number of investments. If one of these investments falls in value this can have a greater impact on the Sub-Fund's value than if it held a larger number of investments.

Fund Facts

Accounting and Distribution Dates

Accounting dates	Distribution dates
30 June 31 December	31 August 28 February

Ongoing Charge Figure (OCF), this table replaces the TER table due to regulation change
The total ongoing charge figure (OCF) per share class are as follows:

Date	Share Class	Operating expenses (excluding transaction charge)† %	Transaction charges payable to the Depositary* %	Ongoing Charge Figure (OCF)** %
31.12.12	A Accumulation B Accumulation	1.56 1.27	0.11 0.15	1.67 1.42

†Operating expenses includes annual management charge and other expenses. The operating expenses for all share classes are currently capped to 2.00% by the ACD. This capping may cease at any time.

*The transaction charges payable to the Depositary are not included in the expenses cap.

**The OCF shows the annual expenses of the Sub-Fund as a percentage of the average net asset value, it helps you compare the annual expenses to different schemes.

Summary

Fund Performance

Share Class	Net Asset Value as at 31.12.12 pence per share	Net Asset Value as at 31.12.11 pence per share	Net Asset Value % change
A Accumulation	259.6	184.0	41.09
B Accumulation	262.2	185.3	41.50

Distributions

Share class	Total distribution (p) for the year to 31.12.12	Total distribution (p) for the year to 31.12.11
A Accumulation	2.6992	0.9503
B Accumulation	3.3645	0.9363

Comparative Tables

Calendar Year	A Accumulation shares		B Accumulation shares	
	Highest buying price (p)	Lowest selling price (p)	Highest buying price (p)	Lowest selling price (p)
2010	178.5	142.7	179.6	143.5
2011	194.6	167.7	195.9	168.9
2012	260.2	185.9	262.7	187.2

Net Asset Value

Date	31.12.12		31.12.11	
Net Asset Value (£)	57,003,881		2,749,445	
Share Class	Number of shares in issue	Net asset value per share (p)	Number of shares in issue	Net asset value per share (p)
A Accumulation	15,239,933	259.6	524,457	184.0
B Accumulation	6,647,667	262.2	963,120	185.3

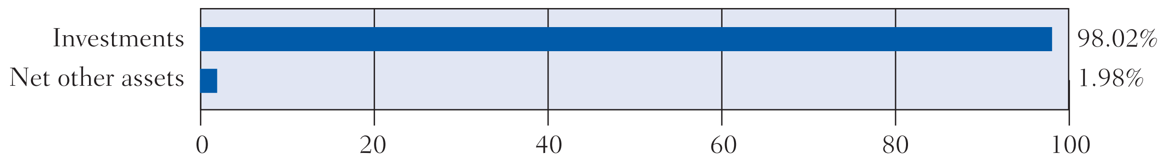
Risk Warning

Please remember that past performance should not be seen as a guide to future performance and that the value of an investment in an OEIC and the income from it can fall as well as rise and may be affected by exchange rate variations.

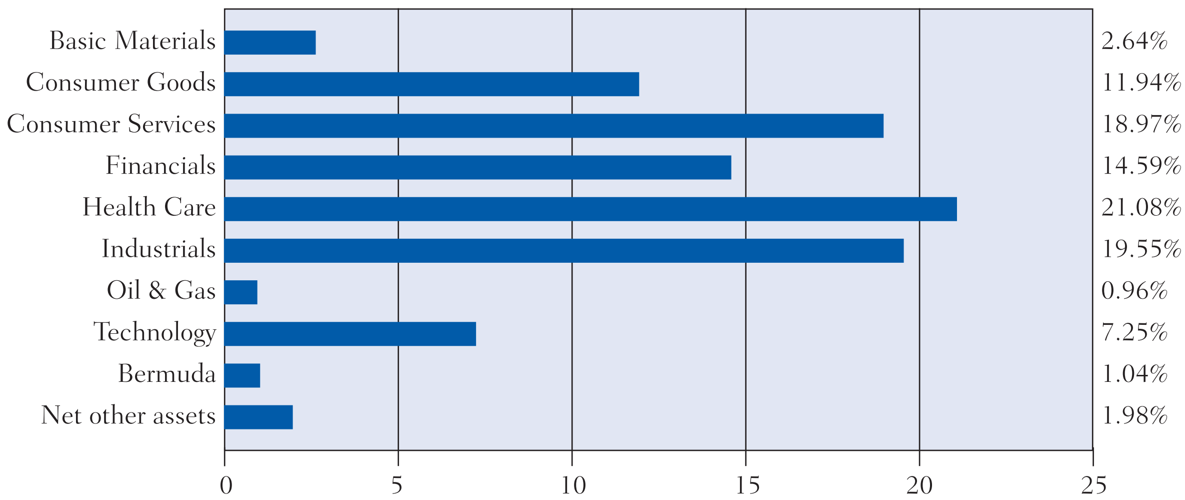
Ten Largest Holdings
as at 31 December 2012

	% of net assets
Greggs	8.74
Synergy Health	4.96
Shaftesbury	4.30
Fuller Smith & Turner	4.25
Micro Focus International	3.96
Interserve	3.76
De La Rue	3.72
BTG	3.71
Mears	3.60
Amlin	3.59

Classification of Investments
as at 31 December 2012



Geographical/Sector Spread of Investments
as at 31 December 2012



Investment Manager's Report
as for the year ended 31 December 2012

The Neptune UK Mid Cap Sub-Fund returned 40.85% over 2012. By comparison, the FTSE All-Share and FTSE-250 Mid Indices returned 12.30% and 26.11% respectively, while the IMA UK All Companies sector average was 15.41%. This outperformance ranked the Sub-Fund 3rd out of 279 competitors in the IMA peer group for the year; the Sub-Fund is ranked in the top decile of the peer group over two, three and four years and since inception in 2008.*

After a volatile 2011 for global stock markets, 2012 continued along the same theme with significant economic uncertainty regarding the strength of the recovery both in the US and Europe. The first half of the year saw initial confidence drain away as inflation concerns increased and then political risk rose its head with important elections in France and Greece. At the end of the first half, anti-austerity sentiment was taking root and electorates across much of Europe appeared to be encouraging governments to press on with debt-fuelled 'growth'. Fortunately, sentiment improved markedly in the second half, primarily due to Mario Draghi's statement that he would do "whatever it takes" to save the Euro. Although political complacency appears to be on the increase once again, it remains our expectation that an orderly work-out of the European debt crisis will be achieved, led by Germany. A disorderly break-up of the Euro area would likely impact Germany very negatively and should be avoided at all costs.

The Sub-Fund's first half's relative performance was slightly stronger than the second half's relative performance. Relative and absolute performance against all metrics was strong over both halves. Strong performing sectors in the UK market over the year included banks and retailers. Weaker sectors included mining companies and oil and gas – areas to which the Fund is underexposed. Amongst the keys to the stock market's performance in 2013 will be: (i) resolution of the Euro area debt worries; and (ii) the impact of the US fiscal cliff and the US government debt ceiling on the global economy. In respect of the first, Germany's self-interest would appear to lie in a continued currency union and this remains our central case. In respect of the second, whilst uncertainty and political wrangling are a headwind for the economy, it is to be hoped that all parties in Washington recognise that now is not the best time to endanger the still-fragile economic recovery with destabilising political infighting. On a separate note, we shall also continue to follow the outlook for inflation very closely, especially given improving signs of economic growth in emerging markets and China in particular. Significantly rising inflation expectations would be a negative, although low long-term valuations in select parts of the UK market provide a notable buffer against disappointment.

The Sub-Fund remains weighted towards sectors and companies with strong earnings visibility and long-term growth prospects, although where value and sentiment are at extremes the Fund is tactically opportunistic. Corporate health continues to be strong and the prospects for high quality, cash-generative companies are, in our opinion, encouraging – especially in light of the low returns available on cash alternatives. Merger and acquisition (M&A) activity may also be a theme for 2013 given the strength of corporate balance sheets. During the course of 2012, companies involved in M&A activity in the Sub-Fund included Mears, CSR, Interserve and Synergy Health – most of which were in fact acquirers, seeking to take advantage of attractively valued peers.

**Source: Lipper, A Accumulation share class performance, IMA UK All Companies sector, in sterling with no initial charges, net income reinvested to 31.12.12. The performance of other share classes may differ. Past performance is not a guide for future performance. The value of an investment and any income from it can fall as well as rise as a result of market and currency fluctuations and you may not get back the original amount invested. Neptune funds are not tied to replicating a benchmark and holdings can therefore vary from those in the index quoted. For this reason the comparison index should be used for reference only. Neptune funds may invest more than 35% in government and public securities in a number of jurisdictions. Forecasts are not a reliable indicator of future performance. Any views expressed are those of Neptune as at the date of issue and we do not undertake to advise you as to any changes in our views.*

Investment Objective and Policy

The investment objective of the Neptune UK Special Situations Fund is to seek to achieve capital growth by exploiting special situations and investing principally in UK equities considered to be undervalued.

Other eligible asset classes may include collective investment schemes, other transferable securities, cash or near cash, deposits and money market instruments.

It is anticipated that derivative instruments and forward transactions may be used by the ACD for efficient portfolio management.

It is the intention to be near-fully invested at all times, however, the Sub-Fund has the facility to take tactical positions in cash or near cash should the ACD feel it appropriate.

The portfolio will be managed to ensure that the Sub-Fund is at all times eligible to qualify and to be included in an Individual Savings Account.

Risk and Reward Profile

The Risk and Reward Indicator table demonstrates where the Sub-Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Sub-Fund. The shaded area in the table below shows the Sub-Fund's ranking on the Risk and Reward Indicator.

Typically lower rewards, lower risk ← → **Typically higher rewards, higher risk**

1	2	3	4	5	6	7

- This Sub-Fund is ranked at 6 because funds of this type have experienced high rises and falls in value in the past. Please note that even the lowest risk ranking can lose you money and that extreme market circumstances can mean you suffer severe losses in all cases. The indicator does not take into account the following risks of investing in this Sub-Fund:
- This Sub-Fund holds a limited number of investments. If one of these investments falls in value this can have a greater impact on the Sub-Fund's value than if it held a larger number of investments.
- Although this Sub-Fund invests in companies of all sizes, significant investment will be made in smaller company shares. These may be riskier as they can be more difficult to buy and sell and their share prices may move up and down more than larger companies.

Fund Facts

Accounting and Distribution Dates

Accounting dates	Distribution dates
30 June 31 December	31 August 28 February

Ongoing Charge Figure (OCF), this table replaces the TER table due to regulation change
The total ongoing charge figure (OCF) per share class are as follows:

Date	Share Class	Operating expenses (excluding transaction charge)† %	Transaction charges payable to the Depositary* %	Ongoing Charge Figure (OCF)** %
31.12.12	A Accumulation	2.00	0.14	2.14
	B Accumulation	1.61	0.11	1.72
	C Accumulation	2.00	0.12	2.12

†Operating expenses includes annual management charge and other expenses. The operating expenses for all share classes are currently capped to 2.00% by the ACD. With effect from January 2013 the operating expenses of the C share class will be capped at 1.00%. Any or all capping may cease at any time.

*The transaction charges payable to the Depositary are not included in the expenses cap.

**The OCF shows the annual expenses of the Sub-Fund as a percentage of the average net asset value, it helps you compare the annual expenses to different schemes.

Summary

Fund Performance

Share Class	Net Asset Value as at 31.12.12 pence per share	Net Asset Value as at 31.12.11 pence per share	Net Asset Value % change
A Accumulation	134.4	113.3	18.62
B Accumulation	135.4	113.8	18.98
C Accumulation†	101.1	—	—

†Launched 3 October 2012.

Distributions

Share class	Total distribution (p) for the year to 31.12.12	Total distribution (p) for the year to 31.12.11
A Accumulation	1.5439	1.2159
B Accumulation	2.0380	1.5520
C Accumulation†	—	—

†Launched 3 October 2012.

Comparative Tables

Calendar Year	A Accumulation shares		B Accumulation shares		C Accumulation shares†	
	Highest buying price (p)	Lowest selling price (p)	Highest buying price (p)	Lowest selling price (p)	Highest buying price (p)	Lowest selling price (p)
2010	120.2	94.96	120.2	94.84	—	—
2011	126.0	103.1	126.2	103.4	—	—
2012*	135.5	114.7	136.5	115.1	102.0	97.43

†Launched 3 October 2012.

Net Asset Value

Date	31.12.12		31.12.11	
Net Asset Value (£)	16,114,620		8,127,551	
Share Class	Number of shares in issue	Net asset value per share (p)	Number of shares in issue	Net asset value per share (p)
A Accumulation	5,675,027	134.4	2,435,853	113.3
B Accumulation	5,987,431	135.4	4,718,768	113.8
C Accumulation†	375,697	101.1	—	—

†Launched 3 October 2012.

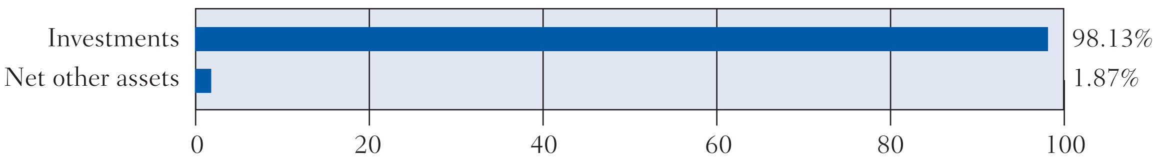
Risk Warning

Please remember that past performance should not be seen as a guide to future performance and that the value of an investment in an OEIC and the income from it can fall as well as rise and may be affected by exchange rate variations.

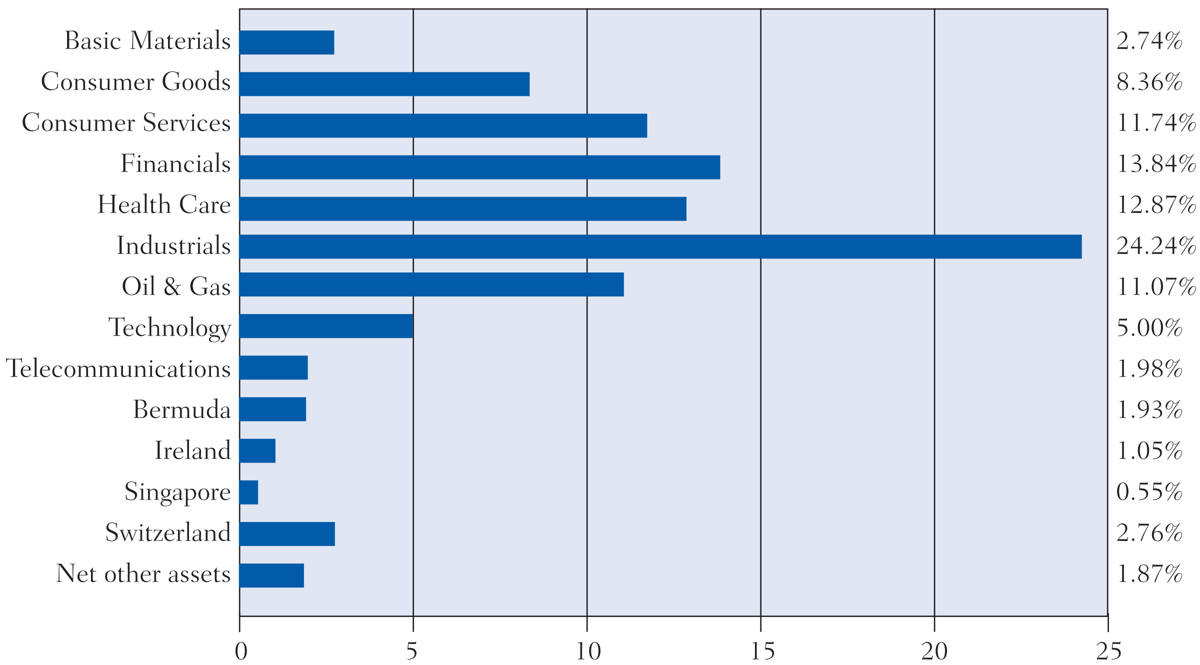
Ten Largest Holdings
as at 31 December 2012

	% of net assets
HSBC	6.42
BP	5.90
GlaxoSmithKline	4.89
Reed Elsevier	3.08
ITV	3.04
Mears	3.04
Unilever	2.94
Synergy Health	2.78
Wolseley	2.76
Filtrona	2.49

Classification of Investments
as at 31 December 2012



Geographical/Sector Spread of Investments
as at 31 December 2012



Investment Manager's Report

as for the year ended 31 December 2012

UK equities traded higher through 2012 despite continued economic anxieties in the UK and overseas. European sovereign debt concerns and policy action remained the primary focus for investors in the first half of the year. These concerns diminished as the year progressed due to European Central Bank President Mario Draghi, with his "do whatever it takes" to save the Euro speech in July. With the risk of disorderly defaults in Europe significantly reduced in the near term, market focus shifted to the other key drivers of global growth, principally the US and China. Despite investor concerns over the impending US 'fiscal cliff', equities were buoyed by improving US employment and housing data. Towards the end of 2012, worries of a hard landing for Chinese economic growth were mitigated as better industrial production figures began to emerge.

The Neptune UK Special Situations Sub-Fund returned 18.99%, outperforming the FTSE All-Share Index and the IMA UK All Companies peer group, which returned 12.30% and 15.41% respectively. This outperformance placed the Sub-Fund in the first quartile of the IMA peer group over one, three and five years, as well as since launch. The principle driver of this outperformance was strong stock selection. The significant overweight in the media sector paid off delivering four of the Sub-Fund's top ten performers during the year. At the top of the list was Aegis Group, a global advertising agency, with a 69.6% total return.† It had been a strong recovery candidate within the Sub-Fund for a number of years and in 2012 was boosted by a takeover approach from Japanese competitor Dentsu. Construction related holdings Ashtead and Wolseley also performed well for the Sub-Fund as they continue to benefit from the recovery in US residential and commercial construction markets. The Sub-Fund's underweight in the financials sector hindered performance, even though holdings in HSBC and Intermediate Capital were among the top contributors to performance.

The overweight in industrials was increased through the addition of two outsourcing companies, Mears Group and Berendsen. Although these companies operate in completely different end markets, both stocks share a number of common attributes which the Sub-Fund seeks in potential new holdings – high quality franchises, leading market positions, strong cash generation and low valuations. The Sub-Fund removed a number of positions which delivered strong performance in recent years and where valuations were considered to be full; examples including Booker Group, Rightmove, Experian and Aegis Group. Booker Group, the UK cash and carry company, is a great example of the positive impact new management can have on an underperforming business in terms of providing a catalyst to turn the company around and deliver significant shareholder value.

Although equity markets still face a number of macro headwinds in 2013, many of the major tail risks that the market faced twelve months ago have been avoided. Improving economic data from the US and China, and a stable political environment in Europe is key to supporting the global economic recovery and delivering higher global Gross Domestic Product growth in 2013. In the UK, although government debt remains at elevated levels, there has been a real improvement in the UK household debt to income ratio. Low mortgage rates and an improving employment backdrop are clearly allowing the UK consumer to deleverage.

The Sub-Fund continues to focus on out of favour recovery situations with a particular emphasis on stocks that exhibit undervalued structural growth characteristics or turnaround candidate where internal self-help is delivering improved prospects for recovery/growth. In contrast to some of the more defensive parts of the market which trade at a large valuation premium, the portfolio has a bias towards the more economically sensitive parts of the market where it is believed the best valuation opportunities lie.

**Source: Lipper, A Accumulation share class performance, IMA UK All Companies sector, in sterling with no initial charges, net income reinvested to 31.12.12. The performance of other share classes may differ. Past performance is not a guide for future performance.*

†Bloomberg, as at 31.12.12. The value of an investment and any income from it can fall as well as rise as a result of market and currency fluctuations and you may not get back the original amount invested. Neptune funds are not tied to replicating a benchmark and holdings can therefore vary from those in the index quoted. For this reason the comparison index should be used for reference only. Neptune funds may invest more than 35% in government and public securities in a number of jurisdictions. Forecasts are not a reliable indicator of future performance. References to specific securities are for illustration purposes only and should not be taken as a recommendation to buy or sell these securities. Any views expressed are those of Neptune as at the date of issue and we do not undertake to advise you as to any changes in our views.

Investment Objective and Policy

The investment objective of the Neptune US Income Fund is to generate rising levels of income with the potential of capital growth by investing predominantly in a portfolio of North American securities, which may include Canada as well as the USA or overseas companies that derive a significant proportion of their profits or turnover from the USA and/or Canada, with a view to attaining consistent top quartile performance within the appropriate peer group.

Other eligible asset classes may include collective investment schemes, other transferable securities, cash or near cash, deposits and money market instruments.

It is anticipated that derivative instruments and forward transactions may be used by the ACD for efficient portfolio management.

It is the intention to be near fully invested at all times, however the Sub-Fund has the facility to take tactical positions in cash or near cash should the ACD feel it appropriate.

The portfolio will be managed to ensure that the Sub-Fund is at all times eligible to qualify and to be included in an Individual Savings Account.

Risk and Reward Profile

The Risk and Reward Indicator table demonstrates where the Sub-Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Sub-Fund. The shaded area in the table below shows the Sub-Fund's ranking on the Risk and Reward Indicator.

Typically lower rewards, lower risk ← → Typically higher rewards, higher risk

1	2	3	4	5	6	7

- This Sub-Fund is ranked at 6 because funds of this type have experienced high rises and falls in value in the past. Please note that even the lowest risk ranking can lose you money and that extreme market circumstances can mean you suffer severe losses in all cases. The indicator does not take into account the following risks of investing in this Sub-Fund:
- Investing overseas can bring additional returns and spread risk to different markets. There are risks, however, that changes in currency rates will reduce the value of your investment.
- The level of income is not guaranteed.
- This Sub-Fund holds a limited number of investments. If one of these investments falls in value this can have a greater impact on the Sub-Fund's value than if it held a larger number of investments.

Fund Facts

Accounting and Distribution Dates

Accounting dates	Distribution dates
31 March 30 June 30 September 31 December	31 May 31 August 30 November 28 February

Ongoing Charge Figure (OCF), this table replaces the TER table due to regulation change
The total ongoing charge figure (OCF) per share class are as follows:

Date	Share Class	Operating expenses (excluding transaction charge)† %	Transaction charges payable to the Depositary* %	Ongoing Charge Figure (OCF)** %
31.12.12	A Income	2.00	0.07	2.07
	A Accumulation	2.00	0.07	2.07
	B Income	2.00	0.08	2.08
	B Accumulation	1.98	0.07	2.05

†Operating expenses includes annual management charge and other expenses. The operating expenses for all share classes are currently capped to 2.00% by the ACD. This capping may cease at any time.

*The transaction charges payable to the Depositary are not included in the expenses cap.

**The OCF shows the annual expenses of the Sub-Fund as a percentage of the average net asset value, it helps you compare the annual expenses to different schemes.

Summary

Fund Performance

Share Class	Net Asset Value as at 31.12.12 pence per share	Net Asset Value as at 31.12.11 pence per share	Net Asset Value % change
A Income	112.0	108.2	3.51
A Accumulation	121.4	115.4	5.20
B Income	112.2	110.5	1.54
B Accumulation	117.5	111.5	5.38

Distributions

Share class	Total distribution (p) for the year to 31.12.12	Total distribution (p) for the year to 31.12.11
A Income	4.4555	3.9704
A Accumulation	4.7777	4.2254
B Income	4.5652	4.0980
B Accumulation	4.6839	3.9419

Comparative Tables

Calendar Year	A Income shares		A Accumulation shares	
	Highest buying price (p)	Lowest selling price (p)	Highest buying price (p)	Lowest selling price (p)
2010†	110.5	99.16	111.4	99.16
2011	111.4	91.02	117.6	96.07
2012	118.3	108.5	126.3	115.0

Calendar Year	B Income shares		B Accumulation shares	
	Highest buying price (p)	Lowest selling price (p)	Highest buying price (p)	Lowest selling price (p)
2010†	111.4	99.17	109.7	99.13
2011	114.0	93.18	114.1	93.00
2012	119.4	110.2	122.3	111.3

†Launched 30 September 2010.

Summary (continued)

Net Asset Value

Date	31.12.12		31.12.11	
Net Asset Value (£)	11,693,593		3,423,752	
Share Class	Number of shares in issue	Net asset value per share (p)	Number of shares in issue	Net asset value per share (p)
A Income	1,160,124	112.0	14,083	108.2
A Accumulation	1,704,426	121.4	49,648	115.4
B Income	3,296,199	112.2	1,000	110.5
B Accumulation	3,938,805	117.5	3,003,800	111.5

Risk Warning

Please remember that past performance should not be seen as a guide to future performance and that the value of an investment in an OEIC and the income from it can fall as well as rise and may be affected by exchange rate variations.

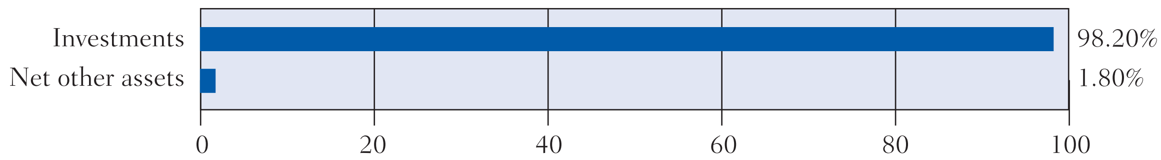
Ten Largest Holdings

as at 31 December 2012

	% of net assets
LyondellBasell Industries	2.70
Fifth Third Bank	2.60
International Paper	2.58
Gibson Energy	2.58
Stanley Black & Decker	2.55
Public Storage	2.41
General Electric	2.41
Limited Brands	2.39
McCormick	2.38
Amgen	2.38

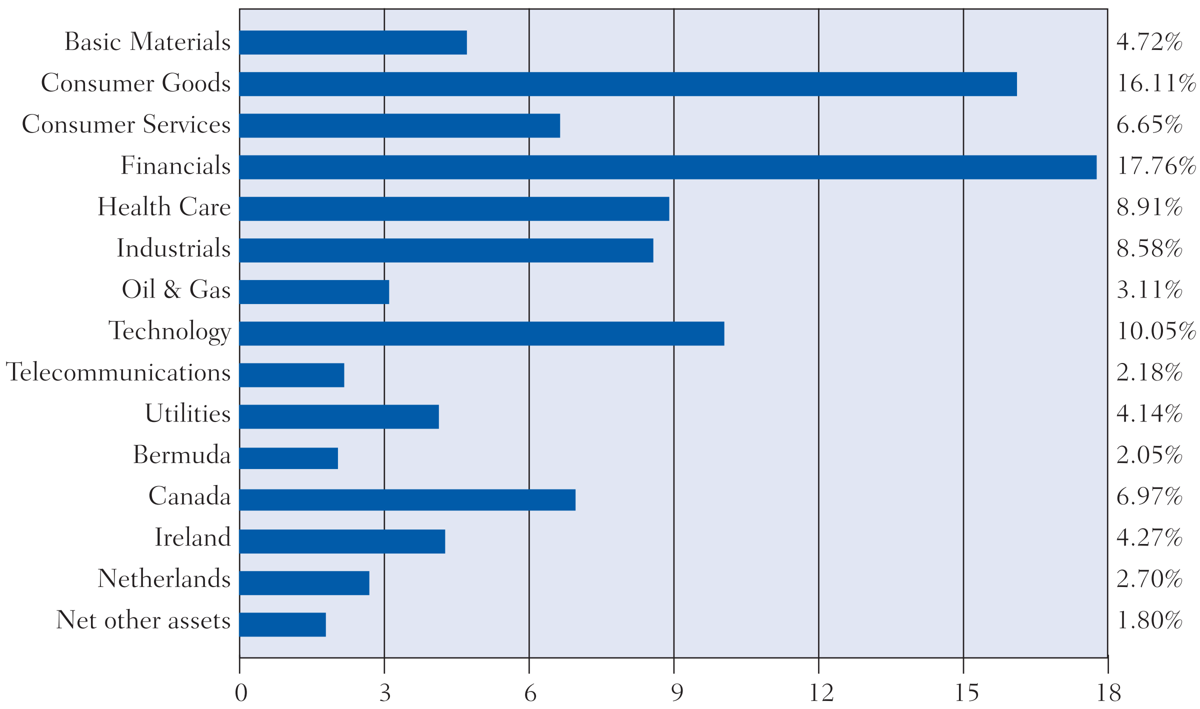
Classification of Investments

as at 31 December 2012



Geographical/Sector Spread of Investments

as at 31 December 2012



Investment Manager's Report

as for the year ended 31 December 2012

The start of 2012 saw US equity markets post their strongest start to a year for almost 15 years. Markets were driven higher by a number of factors, including the stabilisation in the Eurozone as a result of the Long-Term Refinancing Operation (LTRO) programme, but more importantly due to the acceleration in US economic momentum. Data from a broad range of sectors including manufacturing, housing, automobile and retail, accelerated during the first quarter, thereby indicating broad-based strength in the US economy. In the second quarter, however, markets took a pause as the Eurozone crisis once again escalated and the possibility rose that Greece could be forced to exit the Eurozone. Furthermore, US economic data began to disappoint high expectations and therefore called into question the sustainability of economic growth.

There was, however some relief at the end of June after the European Union leaders announced measures designed to increase liquidity. Furthermore, Draghi's pledge to do "whatever it takes to preserve the Euro" helped to drive markets higher and the risk from the Eurozone crisis began to fade. Indeed, loose monetary policy globally helped to drive global equity markets higher including the Federal Reserve's announcement in September of a commitment to pursue open-ended quantitative easing until labour market conditions improved. However, in the fourth quarter, political developments, including the Presidential Elections as well as the 'fiscal cliff' negotiations, caused the markets to sell off, as investors grew concerned about Washington's ability to reach an agreement by the end of the year. Nevertheless, on the last day of 2012, a partial agreement on tax increases was reached, resulting in a strong rally and the S&P 500 Index finishing 2012 up 10.91% in sterling terms.*

US companies also continued to return an increasing amount of cash to shareholders in 2012: aggregate dividend payments grew by around 20% in 2012, boosted by a record number of special cash dividends paid in the fourth quarter. Furthermore, many US companies also paid a dividend for the first time in 2012, including both Apple and Thermo Fisher, taking the total number of dividend payers in the S&P 500 Index to over 400. Holdings that paid out special dividends throughout 2012 included Limited Brands, American Eagle, LyondellBasell and Westlake Chemical Corp. Other large dividend increases seen in the Sub-Fund include both Cisco Systems and JP Morgan.

Against this market backdrop the Neptune US Income Sub-Fund delivered a total return of 3.35%.* The Sub-Fund's underperformance relative to the S&P 500 Index can be attributed to the overall strength of the market throughout 2012 and the sector rotation away from higher yielding stocks and sectors. For example tobacco companies Philip Morris and Altria as well as the fast-food chain McDonalds were relative underperformers in 2012 following a very strong year in 2011. Although the Sub-Fund was rotated to the more economically sensitive parts of the market throughout the year, with increased weightings in financials and materials, the Sub-Fund was not able to keep up with the strength of the overall market. However, many of our core income holdings continued to outperform in 2012, including Cinemark, McCormick and International Paper.

As we look to 2013, we remain positive on the outlook for the US equity market. Global economic activity continues to accelerate and although we believe the US domestic economy will face some headwinds in 2013, including the impact of fiscal drag as well as the debt ceiling debate, the strength of other economic drivers including the housing market, the development of onshore energy and the revival in US manufacturing, should compensate weakness. Therefore, we maintain our positive outlook on US equity markets and our bullish positioning in the Sub-Fund.

**Source: Lipper, A Accumulation share class performance, IMA North America sector, in sterling with no initial charges, net income reinvested to 31.12.12. The performance of other share classes may differ. Past performance is not a guide for future performance. The value of an investment and any income from it can fall as well as rise as a result of market and currency fluctuations and you may not get back the original amount invested. Neptune funds are not tied to replicating a benchmark and holdings can therefore vary from those in the index quoted. For this reason the comparison index should be used for reference only. Neptune funds may invest more than 35% in government and public securities in a number of jurisdictions. Forecasts are not a reliable indicator of future performance. References to specific securities are for illustration purposes only and should not be taken as a recommendation to buy or sell these securities. Any views expressed are those of Neptune as at the date of issue and we do not undertake to advise you as to any changes in our views.*

Investment Objective and Policy

The investment objective of the Neptune US Opportunities Fund is to generate capital growth by investing predominantly in a concentrated portfolio of Northern American securities which may include Canada as well as the US, with a view to achieving top quartile performance within the appropriate peer group.

Other eligible asset classes may include collective investment schemes, other transferable securities, cash or near cash, deposits and money market instruments.

It is anticipated that derivative instruments and forward transactions may be used by the ACD for efficient portfolio management.

It is the intention to be near-fully invested at all times, however, the Sub-Fund has the facility to take tactical positions in cash or near cash should the ACD feel it appropriate.

The portfolio will be managed to ensure that the Sub-Fund is at all times eligible to qualify and to be included in an Individual Savings Account.

Risk and Reward Profile

The Risk and Reward Indicator table demonstrates where the Sub-Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Sub-Fund. The shaded area in the table below shows the Sub-Fund's ranking on the Risk and Reward Indicator.

Typically lower rewards, lower risk ← → **Typically higher rewards, higher risk**

1	2	3	4	5	6	7

- This Sub-Fund is ranked at 6 because funds of this type have experienced high rises and falls in value in the past. Please note that even the lowest risk ranking can lose you money and that extreme market circumstances can mean you suffer severe losses in all cases. The indicator does not take into account the following risks of investing in this Sub-Fund:
- Investing overseas can bring additional returns and spread risk to different markets. There are risks, however, that changes in currency rates will reduce the value of your investment.
- This Sub-Fund holds a limited number of investments. If one of these investments falls in value this can have a greater impact on the Sub-Fund's value than if it held a larger number of investments.

Fund Facts

Accounting and Distribution Dates

Accounting dates	Distribution dates
30 June 31 December	31 August 28 February

Ongoing Charge Figure (OCF), this table replaces the TER table due to regulation change
The total ongoing charge figure (OCF) per share class are as follows:

Date	Share Class	Operating expenses (excluding transaction charge)† %	Transaction charges payable to the Depositary* %	Ongoing Charge Figure (OCF)** %
31.12.12	A Accumulation	1.68	—	1.68
	B Accumulation	1.18	0.01	1.19
	C Accumulation	1.03	—	1.03
	A Accumulation EUR	2.03	—	2.03
	B Accumulation EUR	1.17	—	1.17
	A Accumulation USD	1.93	—	1.93
	B Accumulation USD	1.27	—	1.27

†Operating expenses includes annual management charge and other expenses. The operating expenses for all share classes are currently capped to 2.50% by the ACD. With effect from January 2013 the operating expenses of the C share class will be capped at 1.00%. Any or all capping may cease at any time.

*The transaction charges payable to the Depositary are not included in the expenses cap.

**The OCF shows the annual expenses of the Sub-Fund as a percentage of the average net asset value, it helps you compare the annual expenses to different schemes.

Summary

Fund Performance

Share Class	Net Asset Value as at 31.12.12 pence per share	Net Asset Value as at 31.12.11 pence per share	Net Asset Value % change
A Accumulation	218.1	201.5	8.24
B Accumulation	227.9	209.5	8.78
C Accumulation†	97.56	—	—
A Accumulation EUR	106.9	99.10	7.87
B Accumulation EUR	110.4	101.5	8.77
A Accumulation USD	80.08	74.21	7.91
B Accumulation USD	82.09	75.60	8.58

†Launched 3 October 2012.

Summary (continued)

Distributions

Share class	Total distribution (p/¢) for the year to 31.12.12	Total distribution (p/¢) for the year to 31.12.11
A Accumulation	—	—
B Accumulation	0.8196p	—
C Accumulation†	0.5091p	—
A Accumulation EUR	—	—
B Accumulation EUR	0.5579¢	0.1691¢
A Accumulation USD	—	—
B Accumulation USD	0.3358¢	—

†Launched 3 October 2012.

Comparative Tables

Calendar Year	A Accumulation shares		B Accumulation shares	
	Highest buying price (p)	Lowest selling price (p)	Highest buying price (p)	Lowest selling price (p)
2010	226.5	183.2	234.5	188.9
2011	228.4	171.1	236.4	177.6
2012	229.3	200.7	239.4	208.7

Calendar Year	C Accumulation shares†	
	Highest buying price (p)	Lowest selling price (p)
2012	102.3	92.88

Calendar Year	A Accumulation EUR shares		B Accumulation EUR shares	
	Highest buying price (¢)	Lowest selling price (¢)	Highest buying price (¢)	Lowest selling price (¢)
2010	131.3	104.3	133.3	104.9
2011	134.7	96.57	136.8	98.56
2012	139.4	118.1	143.7	120.9

Calendar Year	A Accumulation USD shares		B Accumulation USD shares	
	Highest buying price (¢)	Lowest selling price (¢)	Highest buying price (¢)	Lowest selling price (¢)
2010	129.4	103.5	130.8	104.3
2011	135.8	103.3	137.4	105.0
2012	135.3	115.4	138.4	117.6

†Launched 3 October 2012.

Summary (continued)

Net Asset Value

Date	31.12.12		31.12.11	
Net Asset Value (£)	366,588,146		486,209,592	
Share Class	Number of shares in issue	Net asset value per share (p)	Number of shares in issue	Net asset value per share (p)
A Accumulation	127,658,703	218.1	190,090,136	201.5
B Accumulation	9,978,306	227.9	22,108,891	209.5
C Accumulation†	18,318,391	97.56	—	—
A Accumulation EUR	1,375,240	106.9	1,635,219	99.10
B Accumulation EUR	36,626,192	110.4	48,691,280	101.5
A Accumulation USD	1,027,249	80.08	1,816,252	74.21
B Accumulation USD	5,856,785	82.09	6,058,832	75.60

†Launched 3 October 2012.

Risk Warning

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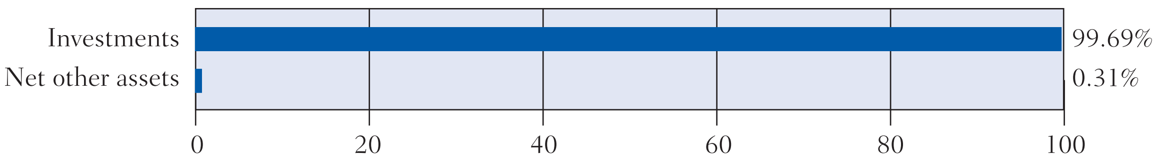
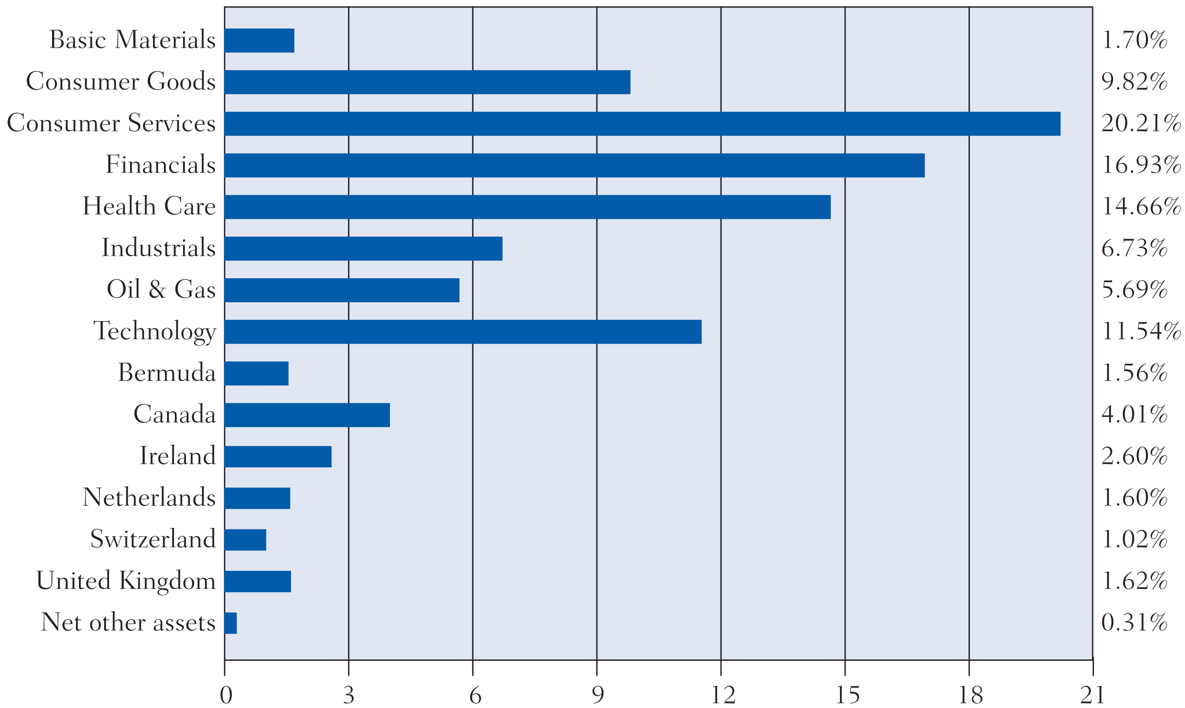
Ten Largest Holdings
as at 31 December 2012

	% of net assets
Pulte	3.09
Mastercard	3.03
Discover Financial Services	2.96
Lennar	2.96
Medivation	2.82
Capital One Financial	2.75
Enbridge	2.70
HollyFrontier	2.65
Ltd Brands	2.56
eBay	2.34

Classification of Investments
as at 31 December 2012



Geographical/Sector Spread of Investments
as at 31 December 2012



Investment Manager's Report

as for the year ended 31 December 2012

The start of 2012 saw US equity markets post their strongest start to a year for almost 15 years. Markets were driven higher by a number of factors, including the stabilisation in the Eurozone as a result of the Long-Term Refinancing Operation (LTRO) programme, but more importantly due to the acceleration in US economic momentum. Data from a broad range of sectors including manufacturing, housing, automobile and retail, accelerated during the first quarter, thereby indicating broad-based strength in the US economy. In the second quarter, however, markets took a pause as the Eurozone crisis once again escalated and the possibility rose that Greece could be forced to exit the Eurozone. Furthermore, US economic data began to disappoint high expectations and therefore called into question the sustainability of economic growth.

There was, however some relief at the end of June after the European Union leaders announced measures designed to increase liquidity. Furthermore, Draghi's pledge to do "whatever it takes to preserve the Euro" helped to drive markets higher and the risk from the Eurozone crisis began to fade. Indeed, loose monetary policy globally helped to drive global equity markets higher including the Federal Reserve's announcement in September of a commitment to pursue open-ended quantitative easing until labour market conditions improved. However, in the fourth quarter, political developments, including the Presidential Elections as well as the US 'fiscal cliff' negotiations, caused the markets to sell off, as investors grew concerned about Washington's ability to reach an agreement by the end of the year. Nevertheless, on the last day of 2012, a partial agreement on tax increases was reached, resulting in a strong rally and the S&P 500 Index finishing 2012 up 10.91% in sterling terms.*

Against this market backdrop the Neptune US Opportunities Sub-Fund delivered a total return of 5.25%, behind the benchmark return and in the third quartile of the IMA North America sector, where the average return was 7.34%.* The underperformance relative to the S&P 500 Index was partly because global equity markets were largely driven by significant financial and political events during 2012 (the Eurozone crisis, quantitate easing, fiscal cliff) which resulted in high volatility and high correlation between stocks. Therefore we found that we were not positioned in economically sensitive areas at key turning points in the market, and therefore underperformed as the market rallied. Nevertheless, during 2012 position in stocks that are leveraged to US housing worked very well as the housing market recovery continued to gather pace due to significant pent-up demand and prices still well below long-term trends. Stocks added through the year include homebuilders PulteGroup and Lennar Corp, home improvement retailer Lowes and mortgage service providers Nationstar Mortgage Holdings and Ocwen Financial. Our overweight position in the healthcare, particularly biotechnology, sector also worked well in 2012 as companies such as Medivation and Onyx Pharmaceuticals posted solid gains due to strong performance of new drug pipelines.

As we look to 2013, we remain positive on the outlook for the US equity market. Global economic activity continues to accelerate and although we believe the US domestic economy will face some headwinds in 2013, including the impact of fiscal drag as well as the Government debt ceiling debate, the strength of other economic drivers including the housing market, the development of onshore energy and the revival in US manufacturing, should compensate for any weakness. Therefore, we maintain our positive outlook on US equity markets and our bullish positioning in the Sub-Fund.

**Source: Lipper, A Accumulation share class performance, IMA UK All Companies sector, in sterling with no initial charges, net income reinvested to 31.12.12. The performance of other share classes may differ. Past performance is not a guide for future performance. The value of an investment and any income from it can fall as well as rise as a result of market and currency fluctuations and you may not get back the original amount invested. Some Neptune funds may be higher risk than other funds. Neptune funds are not tied to replicating a benchmark and holdings can therefore vary from those in the index quoted. For this reason the comparison index should be used for reference only. Neptune funds may invest more than 35% in government and public securities in a number of jurisdictions. Forecasts are not a reliable indicator of future performance. Any views expressed are those of Neptune as at the date of issue and we do not undertake to advise you as to any changes in our views.*

General Information

Buying and Selling of Shares

The ACD will accept orders to buy or sell shares on normal business days between 9.00am and 5.00pm (UK time) and transactions will be effected at prices determined by the next following valuation. Instructions to buy or sell shares may be either in writing to:

Neptune Investment Management Limited,
PO Box 9004,
Chelmsford,
Essex
CM99 2WR

or by telephone on 0800 587 5051.

A contract note will be issued by close of business on the next business day after the dealing date to confirm the transaction.

Distributions

Where a distribution is to be paid, it has been calculated as at 31 December 2012 and has been distributed to shareholders, where applicable, on 28 February 2013.

Report and Accounts

This document is a short report as for the year ended 31 December 2012. The full Report and Accounts for the Company are available upon written request to Neptune Investment Management Limited, 3 Shortlands, London W6 8DA.

Other Information

The information on this report is designed to enable you to make an informed judgement on the activities of the Company during the period it covers and the results of those activities at the end of the period.

ISA Status

During the period under review, all of the 'A' class shares of the Funds met the requirements for ISA qualification as determined by the HM Revenue and Customs ISA Regulations.

Contacts

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Neptune Investment Management Limited

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Robert Warner
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Richard Green
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