



NEPTUNE INVESTMENT FUNDS II

Annual Short Report

31 December 2012

Neptune Africa Fund
Neptune China Max Alpha Fund
Neptune Defensive Managed Fund
Neptune Emerging Markets Fund
Neptune European Max Alpha Fund (Closed)
Neptune Frontier Emerging Markets Fund
Neptune Global Max Alpha Fund
Neptune Japan Max Alpha Fund (Closed)
Neptune Russia Special Situations Fund
Neptune US Max Alpha Fund (Closed)

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Investment Objective and Policy

The investment objective of the Neptune Africa Fund is to generate rising capital growth from investing predominantly in securities issued by African companies or issued by companies that derive a significant proportion of their income or economic activity from Africa 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.

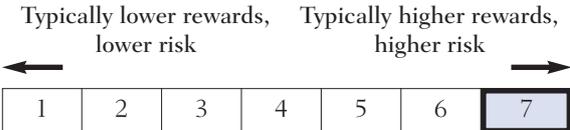
It is anticipated that derivative instruments and forward transactions may be used by the ACD for efficient portfolio management.

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.



- 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	2.11	0.17	2.28
	B Accumulation	1.68	0.16	1.84

†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 Africa 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	115.1	100.1	14.99
B Accumulation	116.3	100.7	15.49

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	1.0807	0.5238
B Accumulation	1.4715	1.1331

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†	122.4	100.0	122.4	100.0
2011	121.6	91.34	121.6	91.65
2012	116.3	99.82	117.4	100.4

†Launched 31 August 2010.

Net Asset Value

Date	31.12.12		31.12.11	
Net Asset Value (£)	18,284,639		6,947,786	
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	8,919,567	115.1	2,498,802	100.1
B Accumulation	6,893,413	116.3	4,414,803	100.7

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.

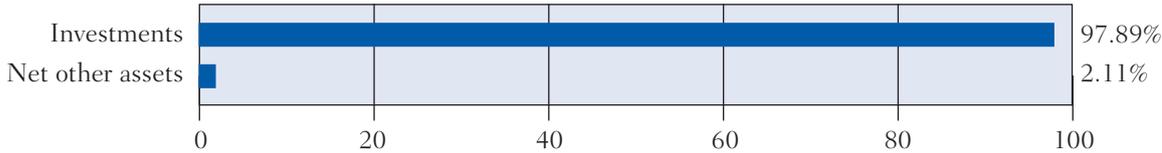
Ten Largest Holdings

as at 31 December 2012

	% of net assets
MTN	10.05
Naspers 'N'	7.54
Sasol	7.22
FirstRand	3.30
Sanlam	3.16
Shoprite	2.94
Mediclinic	2.68
Nestlé Foods Nigeria	2.56
Vodacom	2.46
DRDGOLD	2.36

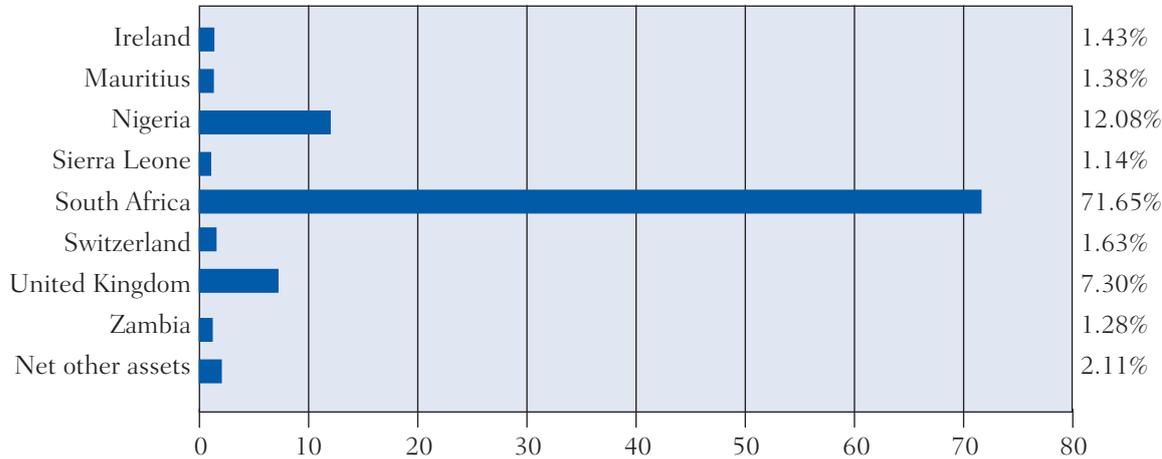
Classification of Investments

as at 31 December 2012



Geographical Spread of Investments

as at 31 December 2012



Investment Manager's Report

for the year ended 31 December 2012

African markets turned in a very strong performance in 2012, with the MSCI EM&F Africa Index up 15.86%, outperforming both the MSCI Emerging Markets Index return of 13.42% and the MSCI World Index gain of 11.42%. The Neptune Africa Sub-Fund performed roughly in line with the benchmark, returning 15.49%.*

Our significant overweight in Nigeria, which returned 38%, had a positive impact on performance, while our underweight position in Egypt detracted from relative returns. The Egyptian market, seemingly unconcerned about unrest and Embassy attacks in North Africa, was up 31% over the year.† We maintained a neutral weighting in South Africa, which performed very strongly in local currency terms (+27%). However, widespread labour unrest in the mining sector had a negative impact on foreign investor sentiment and the currency. The FTSE Johannesburg Stock Exchange All-Share Index returned 15% in sterling terms for 2012.*

From a sector perspective we were well placed, benefiting from our overweight position in the healthcare and consumer spaces, both of which performed strongly as the market placed a high premium on earnings growth and quality. Going into 2013, we believe these sectors will continue to outperform the broader market and we maintain our positive stance. Our underweight position in the South African mining stocks was also helpful as weak global demand, rising costs and ongoing labour issues weighed heavily on the sector. We remain cautious on the outlook for 2013, as the challenges to the sector are largely structural and persistent.

The Sub-Fund remains positioned to benefit from the ongoing positive growth story in Sub-Saharan

Africa. Although we are largely invested in South African-listed equities, many of which are benefiting from strong regional growth through expansions into Sub-Saharan Africa, we also have a significant overweight position in Nigeria, where we continue to focus on sectors driven by structural growth trends, namely the consumer, financials and infrastructure sectors. We also have exposure to Sub-Saharan Africa mining and energy sectors through several London-listed names, including Ophir Energy and Sierra Rutile.

**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. †Nigerian Stock Exchange All Share and Egyptian Hermes Stock Market Index in sterling terms. 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

The investment objective of the Neptune China Max Alpha Fund is to generate capital growth by investing predominantly in a concentrated portfolio of between 20-30 securities issued by Chinese companies or issued by companies transacting a significant proportion of their business in China with a view to attaining top quartile performance within the appropriate peer group.

There are no restrictions in terms of country, state or regional allocation and the Sub-Fund may also invest in collective investment schemes, other transferable securities, cash or near cash, deposits and money-market instruments.

Derivative instruments and forward transactions may be used for efficient portfolio management.

It is the intention to be near fully invested at all times, however, 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.

Important Information

Please note that following approval from the Financial Services Authority, the name and investment objective of the Neptune China Max Alpha Fund was changed on 22 April 2013. The new name is the Neptune China Special Situations Fund, which will more accurately reflect the amended objective of:

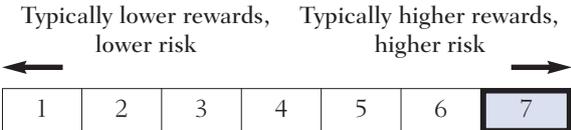
'generating capital growth by investing predominantly in a concentrated portfolio of securities issued by Chinese companies, or issued by companies transacting a significant proportion of their business in China, which we consider to be undervalued, with a view to attaining top quartile performance within the appropriate peer group'.

This objective will allow the Sub-Fund to invest in a larger portfolio of stocks, whilst providing a more focused remit of specifically targeting those companies that we believe are misunderstood by the market and therefore have share prices that are considered significantly below their potential. These changes will also align the Sub-Fund with Neptune's growing suite of 'special situations' portfolios. In addition to the name and objective change, the Sub-Fund's performance fee has been removed. The initial and annual management charges remain the same.

If you have any questions relating to these 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.



- 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.
- 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.
- 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.

Neptune China Max Alpha Fund

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	B Accumulation	2.50	0.21	2.71

†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 China Max Alpha 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
B Accumulation	114.7	100.4	14.24

Distributions

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

Comparative Tables

Calendar Year	B Accumulation shares	
	Highest buying price (p)	Lowest selling price (p)
2011†	102.0	98.12
2012	117.0	84.24

†Launched 15 December 2011.

Net Asset Value

Date	31.12.12		31.12.11	
Net Asset Value (£)	1,149,794		1,004,694	
Share Class	Number of shares in issue	Net asset value per share (p)	Number of shares in issue	Net asset value per share (p)
B Accumulation	1,002,054	114.7	1,001,000	100.4

Risk Warning

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Neptune China Max Alpha Fund

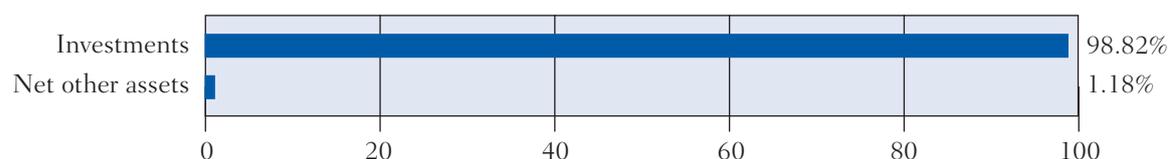
Ten Largest Holdings

as at 31 December 2012

	% of net assets
Anton Oilfield Services	9.22
Hopson Development	6.96
China Resources Land	4.63
Qihoo 360 Technology ADR	4.60
Prince Frog International	4.14
CITIC Securities	4.05
Zoomlion Heavy Industry Science & Technology	3.86
Anhui Conch Cement	3.50
Hong Kong & Shanghai Hotels	3.45
CNOOC	3.36

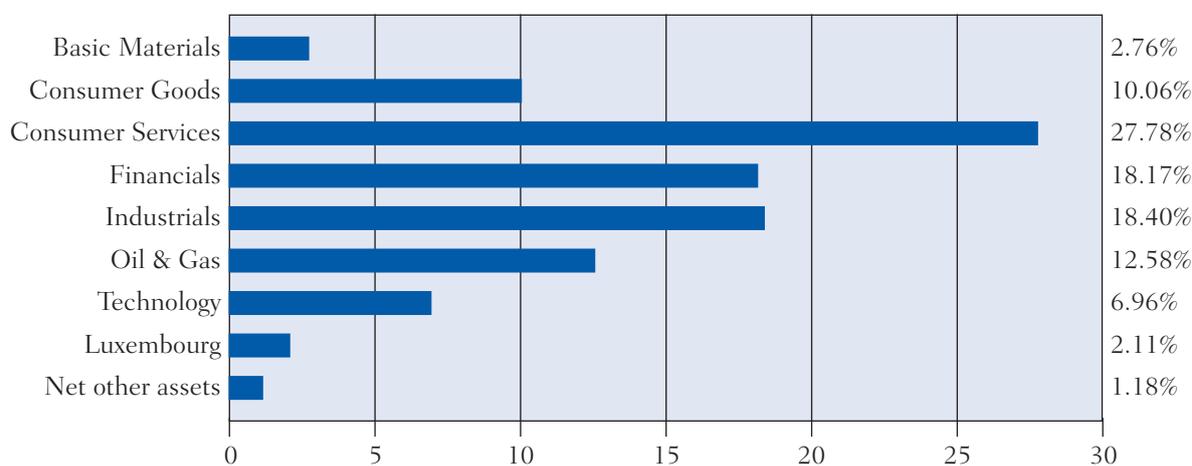
Classification of Investments

as at 31 December 2012



Geographical & Sector Spread of Investments

as at 31 December 2012



Investment Manager's Report

for the year ended 31 December 2012

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 Neptune China Max Alpha Sub-Fund was aggressively positioned for the start of year given its high conviction, concentrated remit, which saw it perform strongly as we kept pace with the rising market.

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.

As the rally faded, the Sub-Fund's relative performance was impacted by weakness in the consumer sector. Low consumer confidence, increasing competition and expectations that any improvements in this sector would likely lag those of the broader economy weighed on our holdings. In particular, the Macau casino companies came under pressure as growth slowed and political concerns came to the fore. However, the consumer remains a long-term overweight of the Sub-Fund and we maintained conviction in our holdings. Throughout the year, we maintained our belief that Beijing would be able to avoid a hard landing and we saw little need for adjustments in our holdings. We did, however, exit China Yurun Food following a profit warning and we sold a Baiju distributor, reflecting concerns of weak consumer sentiment. Proceeds from these sales were used to buy Emperor Watch, a Hong Kong based retailer benefiting from continued growth of spending in luxury goods, and a turnaround stock, China Foods. In the second half of the year, we removed a few technology firms from the portfolio, using the cash to increase our weightings in existing consumer discretionary holdings and to add some

industrials stocks benefiting from improving transport infrastructure spending.

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, leaving the MSCI China Index up 17.69% for the full year.*

As investor appetite returned, the Sub-Fund began to outperform again. Beyond a broader re-rating of smaller companies, two large positive contributors to performance came from our stock selection in the energy and financials sectors. Our holdings in Anton Oil – a Chinese oilfield service company exposed to shale development – and a property development company with a cheap land bank and very high margin units for sale returned 124.6% and 112.5% respectively in the fourth quarter. Our overweight in industrials, which rebounded strongly as expectations for broader growth picked up, also contributed to the Sub-Fund's outperformance in the final months. By the end of 2012 the Sub-Fund had closed the gap on the benchmark, ending the year with a return of 13.33% and strong momentum going into 2013.*

**Source: Lipper, B 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. 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 Sub-Fund is to generate a combination of income and capital growth by investing conservatively in a diversified portfolio of equities, bonds and investment grade fixed income/interest securities. At all times the Sub-Fund will be managed so it complies with the requirements of the IMA Mixed Investment 0 to 35% Shares Sector (or any successor or replacement sector).

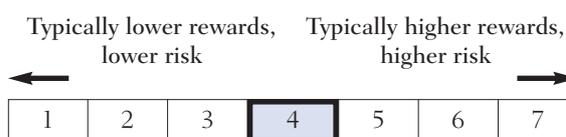
Other eligible asset classes may include collective investment schemes, other transferable securities, cash or near cash, deposits and money market instruments.

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.



- This Sub-Fund is ranked at 4 because funds of this type have experienced average 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.

Neptune Defensive Managed Fund

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	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.

Neptune Defensive Managed 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
B Income	99.78	—*	—
B Accumulation	98.68	—*	—

*Launched 1 July 2012, there are no prior period comparatives.

Distributions

Share class	Total distribution (p) for the period to 31.12.12
B Income	0.8080
B Accumulation	0.8041

Comparative Tables

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*	101.0	99.51	100.3	98.30

*Launched 1 July 2012.

Net Asset Value

Date	31.12.12	
Net Asset Value (£)	294,066	
Share Class	Number of shares in issue	Net asset value per share (p)
B Income	1,000	99.78
B Accumulation	297,000	98.68

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.

Neptune Defensive Managed Fund

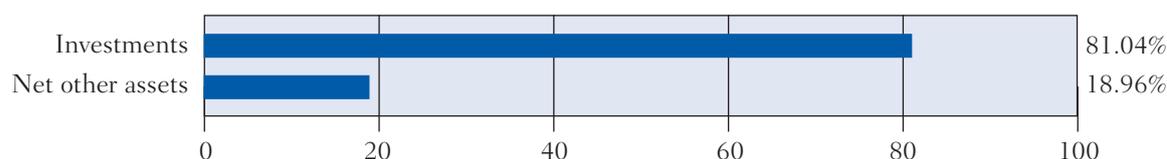
Ten Largest Holdings

as at 31 December 2012

	% of net assets
British Telecommunications VAR 07/12/2016	8.44
Rolls-Royce 7.375% 14/06/2016	8.13
BP Capital Markets 4.00% 29/12/2014	7.17
United States Treasury Note 3.125% 31/10/2016	6.89
United Kingdom Gilt 1.75% 07/09/2022	4.73
United Kingdom Gilt 4.25% 07/06/2032	4.61
United Kingdom Gilt 1.00% 07/09/2017	3.42
United States Treasury Note 2.125% 15/08/2021	2.19
Smiths	1.17
JPMorgan Chase	1.10

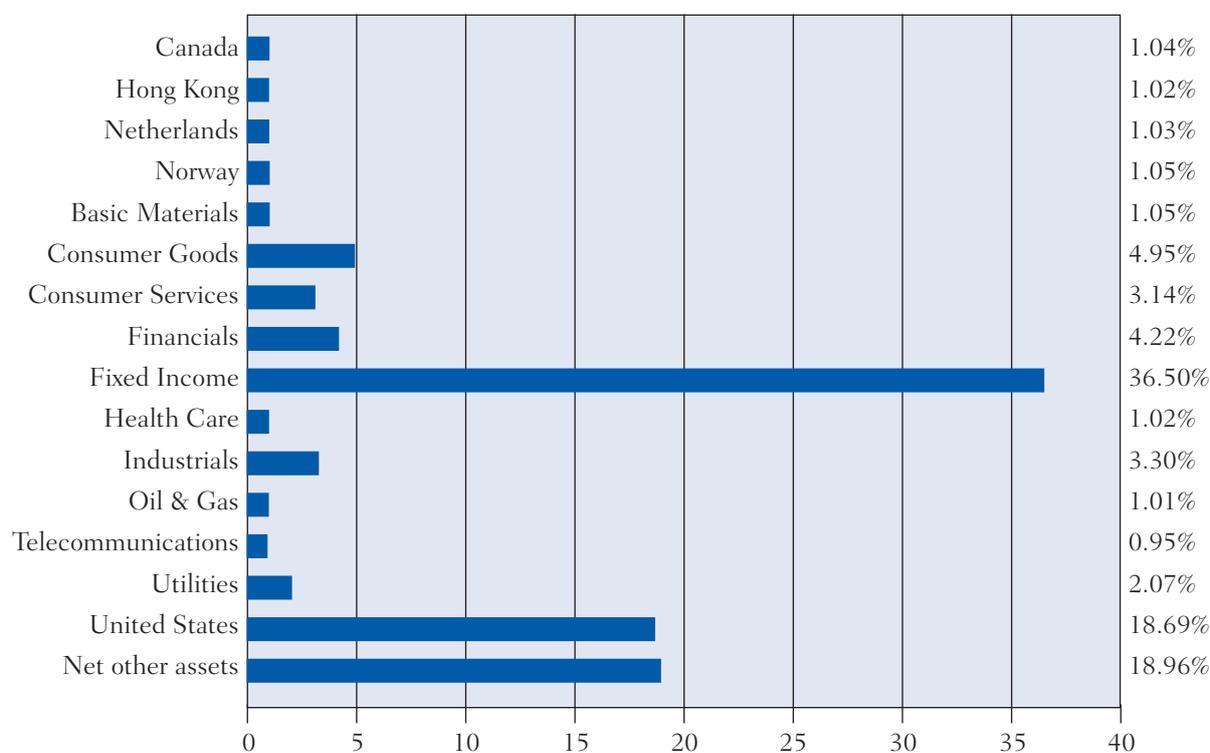
Classification of Investments

as at 31 December 2012



Geographical & Sector Spread of Investments

as at 31 December 2012



Investment Manager's Report

for the period from 1 July 2012 to 31 December 2012

The period under review was turbulent for markets, with volatility driven both by significant political and economic events. The Neptune Defensive Managed Sub-Fund was launched on 2 July 2012, with markets performing strongly from this date to the end of the year. Since inception, the Sub-Fund has returned -1.32% versus the IMA Mixed Investments 0-35% Shares sector average return of 4.08%.*

The 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 European Central Bank President Draghi announced the Outright Monetary Transactions initiative; thirdly the US election and 'fiscal cliff' at the end of 2012. 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 US 'fiscal cliff'.

The Neptune Defensive Managed Sub-Fund remained fully weighted (close to 35%) 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 also to what we believe are the best emerging economy growth opportunities. In what was a good year for equities and lower credit quality bonds, the Sub-Fund suffered from its bias towards more defensive, larger quality equity names, as well as

exposure to US treasuries and higher quality corporate bonds.

Looking to 2013, we are 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 further 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, B Accumulation share class performance, IMA Mixed Investments 0-35% 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. 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.*

Neptune Emerging Markets Fund

Investment Objective and Policy

The investment objective of the Neptune Emerging Markets Fund is to generate capital growth with the potential for income by investing predominantly in emerging market securities or securities that derive a significant proportion of their income or economic activity from emerging markets, with a view to attaining top quartile performance within the appropriate peer group. At the discretion of the Fund Manager, a small weighting of the portfolio may be invested in markets considered to be developed.

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

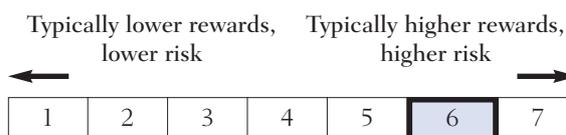
Other eligible assets may include collective investment schemes, other transferable securities, derivatives, cash or near cash, deposits and money-market instruments.

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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.



- 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.
- 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.

Neptune Emerging Markets Fund

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	2.50	0.08	2.58
	A Accumulation	2.20	0.08	2.28
	B Income	2.50	0.08	2.58
	B Accumulation	1.66	0.08	1.74
	C Accumulation	2.50	0.08	2.58
	A 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. 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.

Neptune Emerging Markets 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	154.5	147.4	4.82
A Accumulation	158.0	150.2	5.19
B Income	152.2	144.9	5.04
B Accumulation	159.4	150.6	5.84
C Accumulation*	103.8	—	—
A Accumulation USD	61.83	59.00	4.80

*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	0.0893p	—
A Accumulation	0.3638p	—
B Income	—	—
B Accumulation	0.9113p	0.4568p
C Accumulation*	0.5490p	—
A Accumulation USD	0.1369€	—

*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	195.7	151.0	199.0	153.1
2011	198.6	138.7	202.1	141.3
2012	159.5	139.6	162.7	142.5

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	192.5	148.6	198.4	152.3
2011	195.4	136.4	201.6	141.6
2012	156.8	137.3	163.3	143.3

Calendar Year	C Accumulation shares*		A Accumulation USD shares	
	Highest buying price (p)	Lowest selling price (p)	Highest buying price (€)	Lowest selling price (€)
2010	—	—	126.7	96.98
2011	—	—	123.2	85.40
2012	104.3	96.71	101.2	87.00

*Launched 3 October 2012.

Neptune Emerging Markets Fund

Summary (continued)

Net Asset Value

Date	31.12.12		31.12.11	
Net Asset Value (£)	23,794,904		33,598,461	
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	393,480	154.5	351,334	147.4
A Accumulation	5,190,988	158.0	6,986,224	150.2
B Income	37,710	152.2	301,810	144.9
B Accumulation	8,912,828	159.4	13,154,915	150.6
C Accumulation*	1,000	103.8	—	—
A Accumulation USD	1,169,242	61.83	3,957,541	59.01

*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 a Sub-Fund and the income from it can fall as well as rise and may be affected by exchange rate variations.

Neptune Emerging Markets Fund

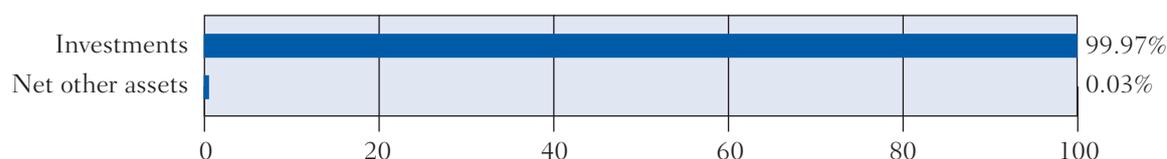
Ten Largest Holdings

as at 31 December 2012

	% of net assets
Samsung Electronics	5.42
Lukoil ADR	4.41
Gazprom Neft ADR	3.76
Vale ADR	3.55
PetroChina	3.38
Zhuzhou CSR Times Electric	3.28
BBMG	3.26
Mostotrest	3.21
China State Construction International	3.00
Bank of China	2.95

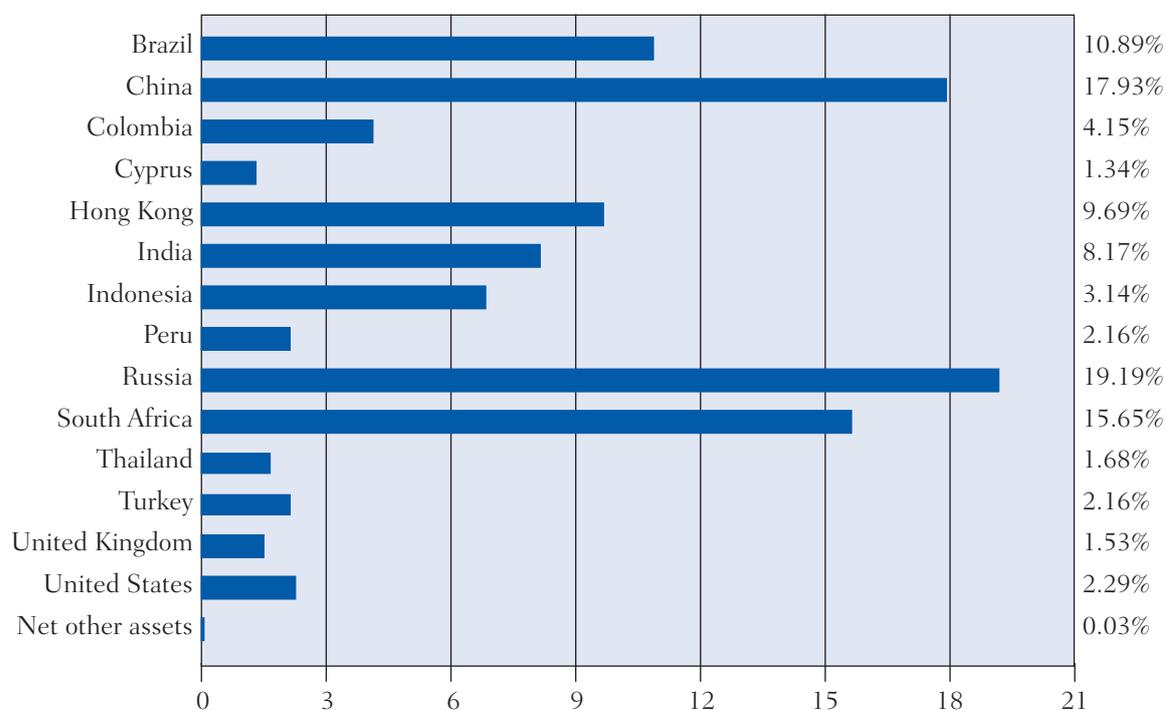
Classification of Investments

as at 31 December 2012



Geographical Spread of Investments

as at 31 December 2012



Investment Manager's Report

for the year ended 31 December 2012

Emerging market equities enjoyed solid returns in 2012, despite considerable volatility along the way. The MSCI Emerging Markets Index finished the year up 13.42%, outperforming the MSCI World Index by 2%. The first six months saw policy-induced rollercoaster performance, followed by steady gains for the remainder of the year. The main issues that dominated newsflow in 2012 were the same as those in 2011 – the US economic recovery, the ongoing European crisis, and concerns over a so-called 'hard-landing' in China.

2012 got off to a strong start as sentiment improved, which saw emerging markets record the best January returns in 10 years. The European Long Term Refinancing Operation (LTRO) programme continued to buoy risk sentiment, as did growing confidence in US economic data. Hopes grew that Chinese policy makers would react to their slowing economy by announcing grand stimulus measures. This optimism sparked a violent rotation in markets globally, seeing investors switch out of defensive markets and into riskier assets. Optimism faded towards the end of the first quarter, giving way to panic as worries in Europe focused on the vulnerable sovereign sector, softer US data implied optimism had been overdone and no Chinese stimulus was forthcoming. By mid-2012, emerging markets had given up their previous gains.

Mario Draghi's arrival at the European Central Bank and his commitment to the Outright Monetary Transactions (OMT) programme was the catalyst to get the markets on track. Risk appetite gradually returned to markets. However concerns remained over China, which came to a head in the third quarter when worries intensified over the outcome of a protracted tightening of monetary policy. The final quarter saw these concerns assuaged as data began to improve. Improving sentiment concerning China set emerging markets up for a strong finish to 2012, which saw them regain their underperformance to finish the year ahead of developed markets. Performance from those countries and sectors linked to growth momentum, such as Russia and the materials sector, also improved.

The Neptune Emerging Markets Sub-Fund suffered a disappointing year, with the majority of its underperformance coming in the first six weeks of

the year. Entering the year with a relatively defensive focus, the Sub-Fund was hit by sector rotation. It was felt that market sentiment had moved too quickly, anticipating more progress than was likely on the key concerns. As markets reversed in mid-February, the Sub-Fund's performance improved. The Sub-Fund rotated towards more economically-sensitive areas of the market during the second quarter, adding to pro-growth sectors such as materials. Industrial stocks were also added with positions in the expensive defensive stocks, such as consumer staples, sold to fund these moves.

As the year progressed, positive global growth momentum emerged, providing a tailwind to those stocks added to on weakness. Although portfolio changes enacted allowed us to largely outperform the market from mid-February onwards, some poor sector returns disappointingly meant that January's underperformance could not be recovered. This left the portfolio with a return of 4.89% for 2012, compared with a market return of 13.42% and the IMA Global Emerging Markets sector average gain of 12.99%.* We remain of the view that global growth is returning to strength and the systemic crises of the past two years are now abating. The portfolio is positioned for robust economic growth in emerging markets, focusing on consumer discretionary, industrials and materials.

**Source: Lipper, A Accumulation share class performance, IMA Global Emerging Markets 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. 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 Max Alpha Fund is to generate capital growth by investing predominantly in a concentrated portfolio of between 20 and 30 securities selected from European markets (excluding 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.

Important Information

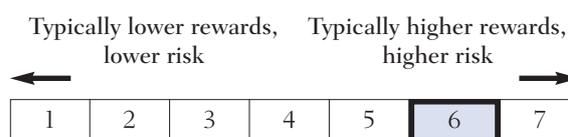
Please note that following approval from the Financial Services Authority, the Neptune US Max Alpha Fund was closed on 8 April 2013.

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.



- 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.
 - 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.
 - 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.

Neptune European Max Alpha Fund

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	0.80	3.30
	B Accumulation	2.50	0.52	3.02

†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 European Max Alpha 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	106.8	99.12	7.75
B Accumulation	107.5	99.09	8.49

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	0.8713	—
B Accumulation	0.7755	0.4026

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	112.4	95.29	112.7	95.82
2011	120.2	94.66	120.3	94.73
2012	109.2	89.52	109.8	89.51

Net Asset Value

Date	31.12.12		31.12.11	
Net Asset Value (£)	513,145		2,503,060	
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	353,015	106.8	310,920	99.12
B Accumulation	126,600	107.5	2,215,060	99.09

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.

Neptune European Max Alpha Fund

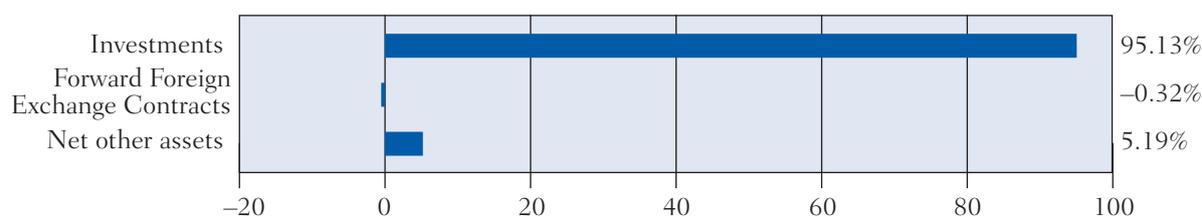
Ten Largest Holdings

as at 31 December 2012

	% of net assets
BASF	6.53
Yara International	6.21
Lanxess	6.02
Adidas	5.63
Aker Solutions	5.20
Agrinos	4.74
Sulzer	4.72
SAP	4.51
North Atlantic Drilling	4.43
Subsea 7	4.38

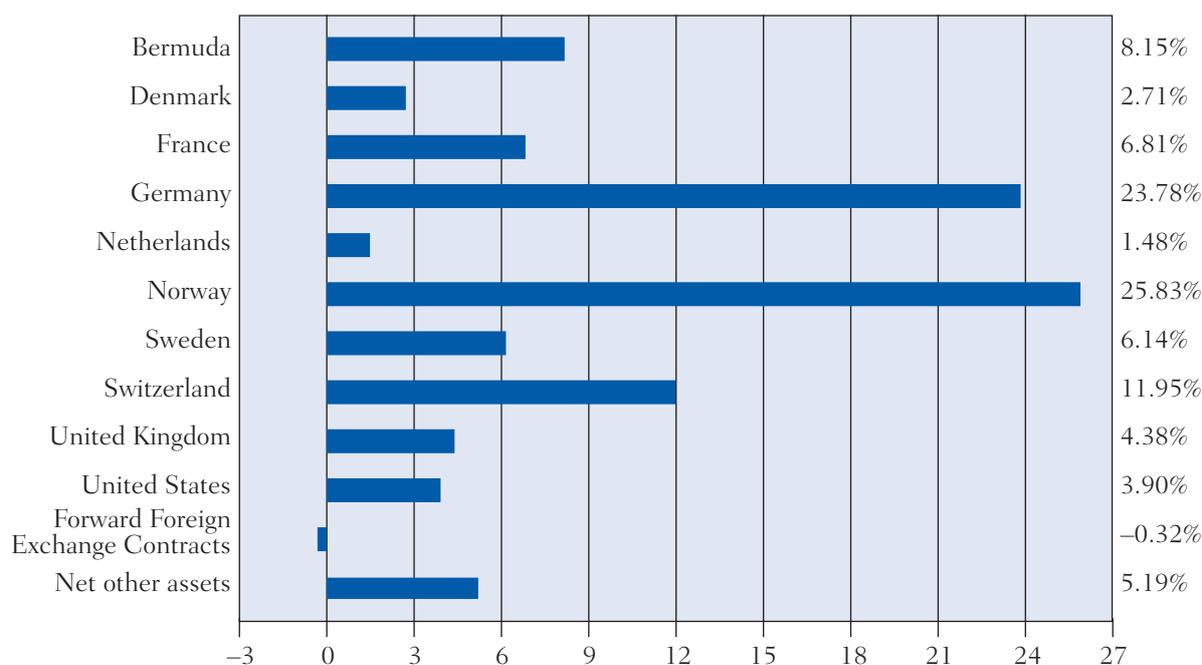
Classification of Investments

as at 31 December 2012



Geographical Spread of Investments

as at 31 December 2012



Investment Manager's Report

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 9.05% 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.*

Neptune Frontier Emerging Markets Fund

Investment Objective and Policy

The investment objective of Neptune Frontier Emerging Markets Fund is to generate capital growth with the potential for income by investing predominantly in securities of companies undertaking the majority of their business in frontier markets and the smaller emerging markets. The Sub-Fund may also invest in securities that derive a significant proportion of their income or economic activity from frontier markets or the smaller emerging markets. At the discretion of the Fund Manager a small weighting of the portfolio may be invested in markets considered to be developed.

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

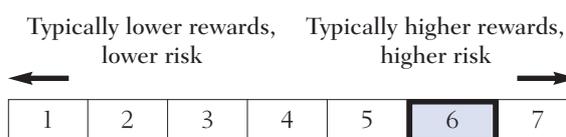
The Sub-Fund may also invest in collective investment schemes, other transferable securities, derivatives, cash or near cash, deposits and money-market instruments.

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.



- 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.
 - Frontier markets are typically characterised by limited market accessibility, small company size and low liquidity.
 - Frontier and 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.

Neptune Frontier Emerging Markets Fund

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	2.50	0.08	2.58
	A – Accumulation	2.50	0.08	2.58
	B – Income	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.

Neptune Frontier Emerging Markets 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	99.60	—*	—
A Accumulation	99.60	—*	—
B Income	99.41	—*	—
B Accumulation	99.60	—*	—

*Launched 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*	100.8	100.0	100.8	100.0

Calendar Year	B Income shares		B Accumulation shares	
	Highest buying price (p)	Lowest selling price (p)	Highest buying price (p)	Lowest selling price (p)
2012*	100.8	100.0	100.8	100.0

*Launched 20 December 2012.

Net Asset Value

Date	31.12.12	
Net Asset Value (£)	590,499	
Share Class	Number of shares in issue	Net asset value per share (p)
A Income	1,000	99.60
A Accumulation	1,000	99.60
B Income	591,000	99.41
B Accumulation	1,000	99.60

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.

Neptune Frontier Emerging Markets Fund

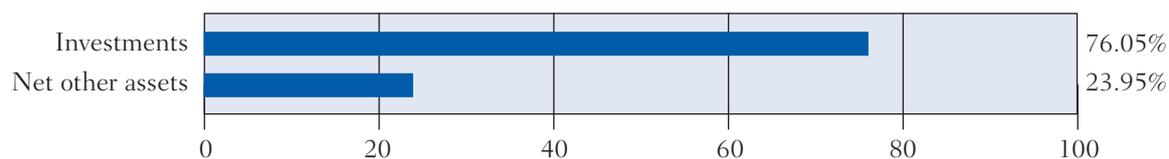
Ten Largest Holdings

as at 31 December 2012

	% of net assets
BanColombia ADR	9.02
Ecopetrol ADR	8.70
Credicorp	8.39
Universal Robina	2.84
Security Bank	2.69
Zenith Bank	2.66
Ayala	2.62
Sierra Rutila	2.59
Guaranty Trust Bank	2.56
Yoma Strategic	2.54

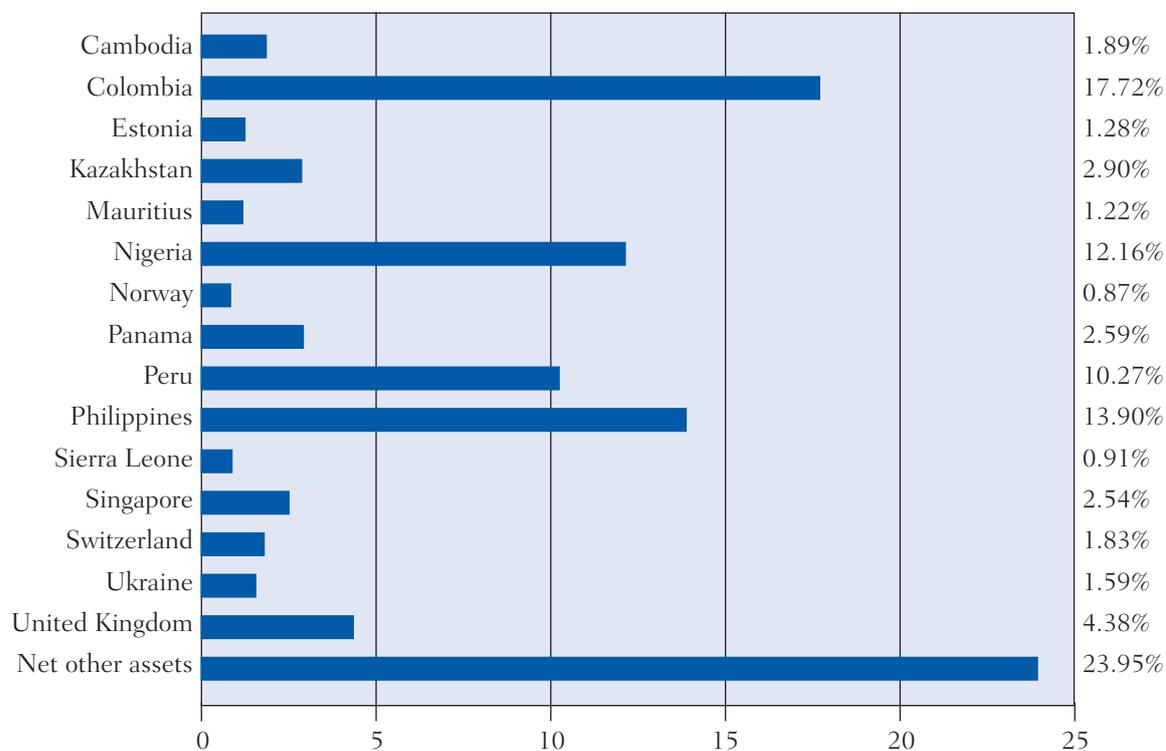
Classification of Investments

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 Frontier Emerging Markets Sub-Fund was launched on 20 December 2012, to gain exposure to fast-growing but little-understood markets that we believe will become significant players in the medium-term – both in terms of economic and stockmarket performance. Given the launch date, there were only a minimal number of trading days for the Sub-Fund in 2012. At the year end, the Sub-Fund had its largest weighting in financials – a sector that dominates in frontier equity markets. Of the 36% position in financials, major positions included Colombia's Bancolombia and Peru's Credicorp, as well as three Nigerian banks – Diamond Bank, Zenith Bank and Guaranty Trust Bank. Asian financials were represented by Philippine stocks such as Rizal Commercial Banking and Security Bank. Elsewhere larger sector positions included consumer staples, industrials, energy and materials, representing both a positive view on the prospects for frontier equities as well as the availability of investible stocks across the frontier regions.

On a regional basis, a third of the portfolio was invested in Latin America through holdings in Colombia and Peru, about 15% in the Philippines and 12% in Nigeria. As well as direct investments into frontier equities, the Sub-Fund also took positions in London-listed companies with exposure to frontier markets. Such stocks were primarily in the resources sectors, including Afren – an independent exploration and production company with assets in offshore Africa as well as the Middle East – as well as Kazakh-based copper miner Kazakhmys, and Ukraine-based iron ore producer Ferrexpo. Such London-listed plays also extended to

the banking sector through holdings in Bank of Georgia and Kazakhstan's Halyk Savings Bank.

The Sub-Fund seeks exposure to both frontier markets as well as some smaller emerging markets, offering a broad geographic exposure to many exciting markets that in time will become much more significant within global equity investing – much as the current large emerging markets, such as Brazil, Russia, India and China have done over the past decades. These markets offer compelling valuations, trading at a significant discount to emerging and developed market peers, with rapid growth potential and often lower correlations with global markets. In addition frontier markets carry an impressive dividend yield, in excess of that offered by both emerging and developed markets. We believe the long-term potential for returns is significant for investors willing to take a long-term view on these emerging markets of the future.

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. 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 Neptune Global Max Alpha Fund is to generate capital growth from a concentrated portfolio of between 20 and 30 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 fund but there will be no restrictions in terms of regional allocation.

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

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 name and investment objective of the Neptune Global Max Alpha Fund was changed on 22 April 2013. The new name is the Neptune Global Special Situations Fund, which will more accurately reflect the amended objective of:

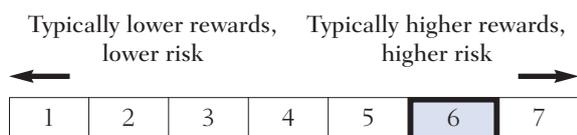
'generating capital growth from a concentrated portfolio of global securities which we consider to be undervalued, selected from across world equity markets, with a view to attaining top quartile performance within the appropriate peer group.'

This objective will allow the Sub-Fund to invest in a larger portfolio of stocks, whilst providing a more focused remit of specifically targeting those companies that we believe are misunderstood by the market and therefore have share prices that are considered significantly below their potential. These changes will also align the Sub-Fund with Neptune's growing suite of 'special situations' portfolios. In addition to the name and objective change, the Sub-Fund's performance fee has been removed. The initial and annual management charges remain the same.

If you have any questions relating to these 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.



- 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.
- 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.
- 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.

Neptune Global Max Alpha Fund

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	0.24	2.74
	B Accumulation	2.50	0.24	2.74

†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 Global Max Alpha 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	89.64	89.99	(0.39)
B Accumulation	88.42	88.75	(0.37)

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	109.8	84.66	107.8	83.00
2011	110.3	85.11	108.3	83.84
2012	98.41	86.35	97.05	85.16

Net Asset Value

Date	31.12.12		31.12.11	
Net Asset Value (£)	662,122		544,272	
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	55,798	89.64	90,501	89.99
B Accumulation	692,286	88.42	521,486	88.75

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.

Neptune Global Max Alpha Fund

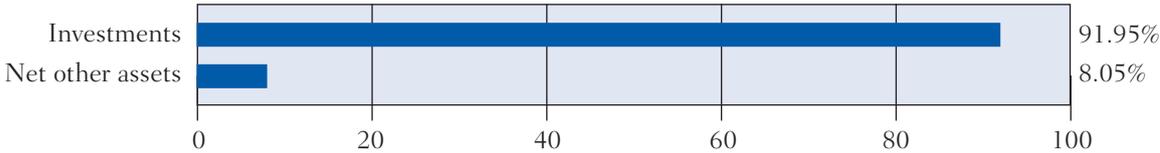
Ten Largest Holdings

as at 31 December 2012

	% of net assets
Rolls-Royce	5.27
Alexion Pharmaceuticals	5.23
Alicorp	4.48
Grana y Montero	4.41
State Bank of Mauritius	4.08
Credicorp	4.08
Haier Electronics	4.07
McCormick	3.83
Baidu China ADR	3.73
Bashneft	3.46

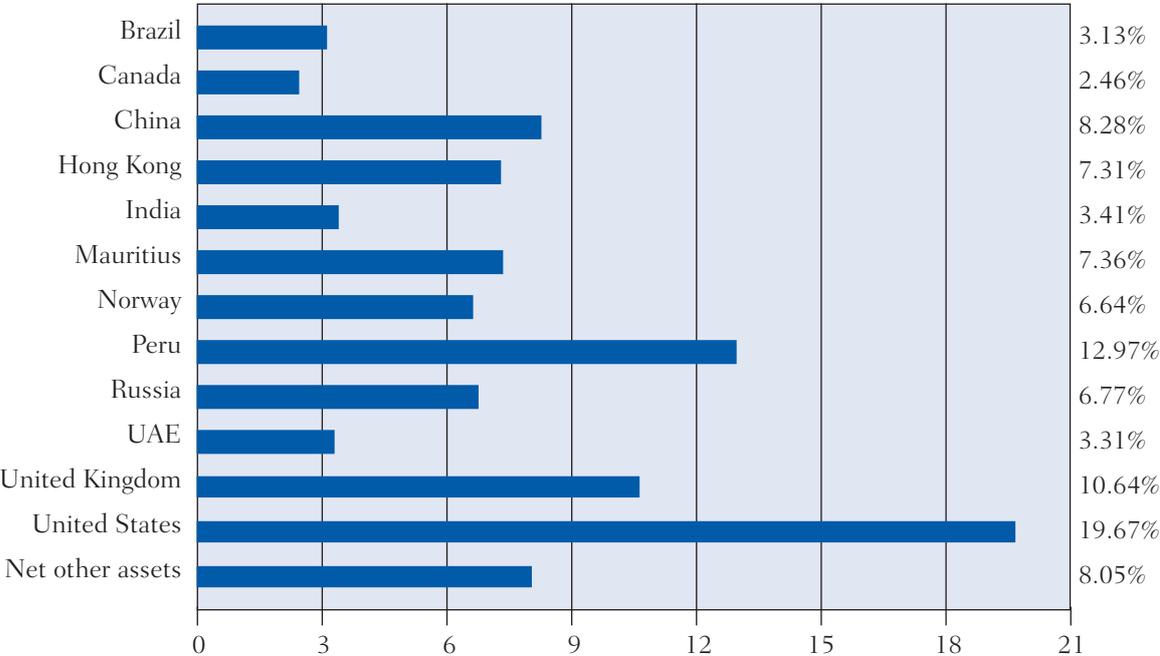
Classification of Investments

as at 31 December 2012



Geographical Spread of Investments

as at 31 December 2012



Investment Manager's Report

for the year ended 31 December 2012

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 Neptune Global Max Alpha 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.

Overall for the year to the end of 2012, the Neptune Global Max Alpha Sub-Fund returned -0.63% , versus the MSCI World Index gain of 11.42% and the IMA Global sector average return of 10.12% .^{*} Looking to 2013, the Sub-Fund has maintained its significant overweight in the emerging markets, as we believe that their greater growth potential will translate into market outperformance. Emerging markets are not only cheap relative to developed markets but also to their own long-term averages. We believe these discounts are unjustified and market re-ratings should translate into outperformance for the Neptune Global Max Alpha Sub-Fund.

^{}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 Neptune Japan Max Alpha Fund is to generate capital growth from a concentrated portfolio of between 20-30 securities issued by Japanese companies or issued by companies transacting a significant proportion of their business in 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. Derivative instruments 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 Individual Savings Accounts.

Important Information

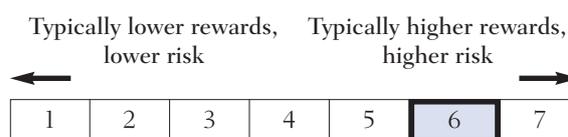
Please note that following approval from the Financial Services Authority, the Neptune Japan Max Alpha Fund was closed on 8 April 2013.

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.



- 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:
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- 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.
- 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.

Neptune Japan Max Alpha Fund

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	—	2.50
	B Accumulation	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. 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 Japan Max Alpha 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	111.7	109.4	2.10
B Accumulation	111.8	109.5	2.10

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	117.4	98.99	117.4	98.99
2011	117.4	92.23	117.4	92.24
2012	118.4	104.6	118.6	104.8

Net Asset Value

Date	31.12.12		31.12.11	
Net Asset Value (£)	547,215		571,590	
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	39,926	111.7	63,685	109.4
B Accumulation	449,600	111.8	458,300	109.5

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 a Sub-Fund and the income from it can fall as well as rise and may be affected by exchange rate variations.

Neptune Japan Max Alpha Fund

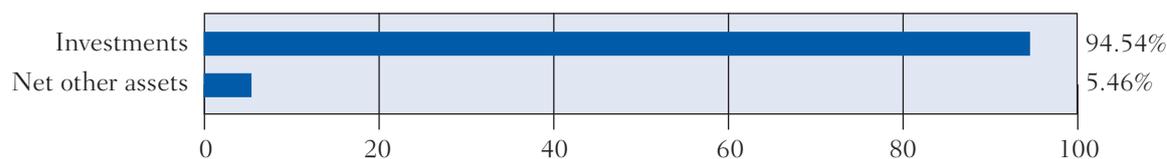
Ten Largest Holdings

as at 31 December 2012

	% of net assets
NEC Mobiling	5.47
Kumiai Chemical Industry	5.00
Ihara Chemical Industry	4.82
Hitachi Medical	4.78
Hitachi Capital	4.60
C-CUBE	4.28
Oki Electric Industry	4.03
Nippon Shokubai	4.01
NEC Networks & System Integration	3.98
JGC	3.48

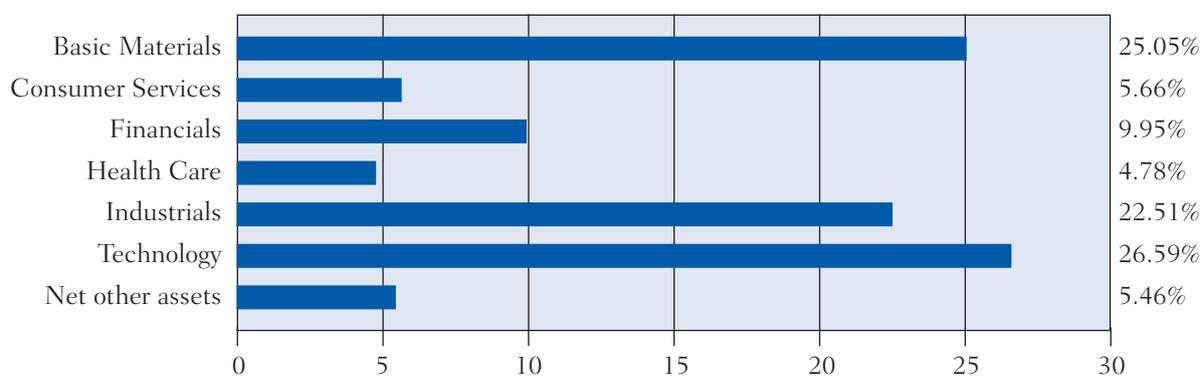
Classification of Investments

as at 31 December 2012



Sector Spread of Investments

as at 31 December 2012



Investment Manager's Report

for the year ended 31 December 2012

The Neptune Japan Max Alpha Sub-Fund returned 2.92% in 2012, ahead of the TOPIX Index return of 2.82% but behind the IMA Japan sector average gain of 3.13%. This performance saw the Sub-Fund ranked 25th out of 50 competitors in the IMA universe.* The Sub-Fund enjoyed a strong first half of the year but underperformed later on. Little change was made to the portfolio, with the majority invested in the smaller, quoted subsidiaries of large Japanese multinationals.

Outperformance came from stock selection, particularly holdings in materials, non-bank financials and telecommunications companies. In the first category were the specialist chemical firms Ihara, Kumiai, and Nihon Nohyaku, whose shares rose by about 60% on improving profitability and demand for their products. Meanwhile Sparxx, the asset management firm, and Hitachi Capital, a credit company, saw their shares appreciate by approximately 90% and 65% respectively as their underlying business prospects improved. Elsewhere, NEC Networking & Systems, NEC Mobiling, Oracle (Japan) and Hitachi Medical all appreciated by between 40% and 60% based on their underlying business outlook. The Sub-Fund's overall gain was, however, held back by weaknesses in electrical, optical, electronic and software firms.

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 part of the year saw the yen move in opposite directions, going down when the market went up and vice versa. This pattern continued during the second and third quarters of the year when Japanese stocks fell steadily, responding to renewed investor concerns over the European Union and the negative impact upon corporate profits due to the continued slowdown in global economic growth, as well as the anti-Japanese protests in China. Many Japanese firms had to temporarily close their local subsidiaries and lost sales of their products as a result.

However, the second half of the fourth quarter saw the market rally sharply, partly on hopes of a new government being formed and partly on resurgent growth across the world, combined with their recovering stockmarkets which shrugged off both US and European based budgetary concerns. 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, consisting of aggressive monetary easing, flexible fiscal policies and boosting growth. 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 roughly 10%, helping the market to rally.

**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. 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.*

Neptune Russia Special Situations Fund

Investment Objective and Policy

The investment objective of the Neptune Russia Special Situations Fund is to achieve capital growth by exploiting special situations by investing predominantly in a concentrated portfolio of small and medium sized Russian companies considered to be undervalued.

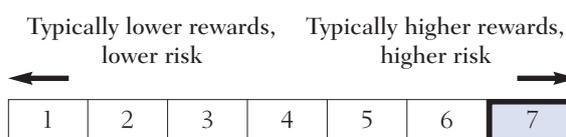
The Sub-Fund may also invest in collective investment schemes, other transferable securities, cash or near cash, deposits and money market instruments.

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.



- 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.
- 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.

Neptune Russia Special Situations Fund

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	0.07	2.57

†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 Russia Special Situations 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	99.40	—*	—
B Accumulation	99.32	—*	—

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

Distributions

Share class	Total distribution (p) for the period to 31.12.12
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)
2012*	101.1	99.00	101.0	98.95

*Launched 20 December 2012.

Net Asset Value

Date	31.12.12	
Net Asset Value (£)	585,960	
Share Class	Number of shares in issue	Net asset value per share (p)
A Accumulation	1,000	99.40
B Accumulation	589,000	99.32

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.

Neptune Russia Special Situations Fund

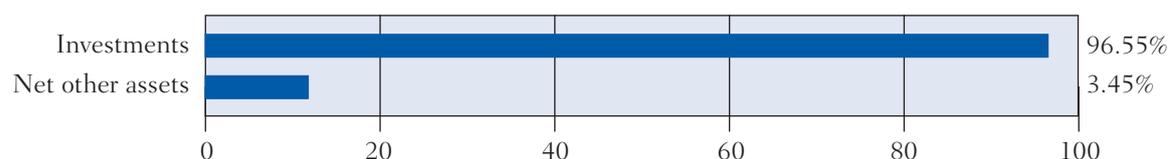
Ten Largest Holdings

as at 31 December 2012

	% of net assets
Lukoil ADR	8.73
DIXY	5.59
M. Video	5.56
Gazprom Neft ADR	4.85
Sperbank of Russia ADR	4.29
Magnit	4.17
Alosa	4.17
Rosneft GDR	3.92
Sistema GDR	3.90
Sollers	3.89

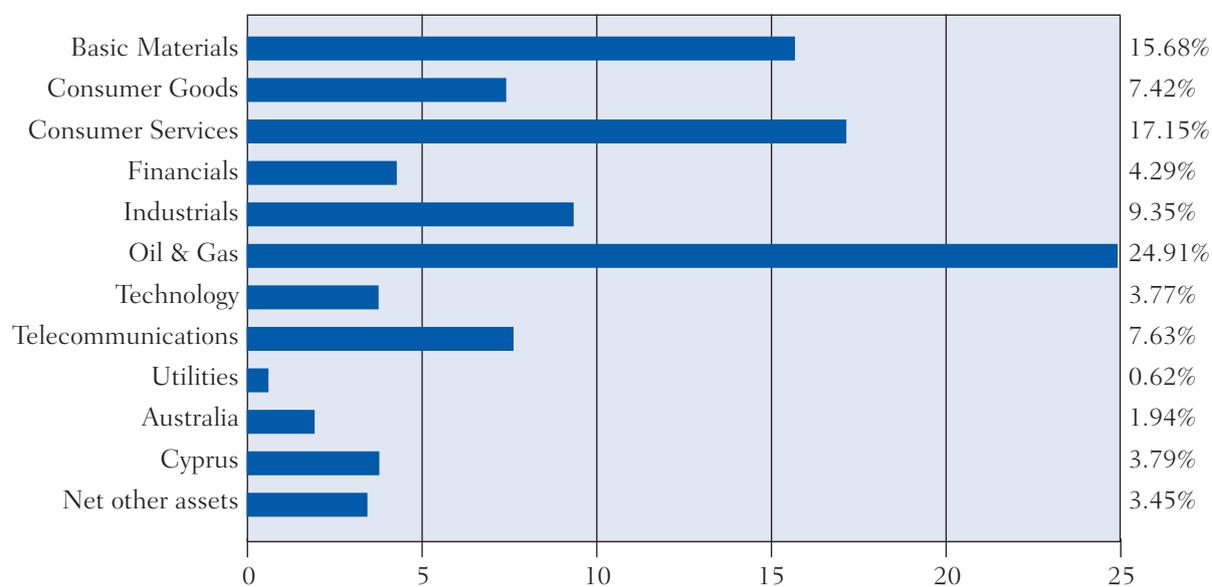
Classification of Investments

as at 31 December 2012



Geographical/Sector Spread of Investments

as at 31 December 2012



Investment Manager's Report

for the period from 1 July 2012 to 31 December 2012

The Russia Special Situations Sub-Fund launched on 20 December 2012. The investment objective of the Sub-Fund is to achieve capital growth by investing predominantly in a concentrated portfolio of small and medium-sized Russian securities considered to be undervalued, as well as exploiting special situations on the Russian market.

Key overweights taken by the Sub-Fund are in the industrials, consumer staples and consumer discretionary sectors. We expect the industrials sector to benefit from a shift in the government's economic strategy away from demand stimulus and towards supply-side reform. The government aims to grow the investment-to-GDP (Gross Domestic Product) ratio from 20% now to 27% by 2018, and we believe that investments in upgrading the country's transportation infrastructure will be central to this push. We are positive on consumer staples as the rising market share of leading players in the industry is translating into much improved bargaining power with suppliers and rising gross margins, which complements already strong top-line growth. In the consumer discretionary space, we consider moderate headwinds to be outweighed by powerful structural considerations, which include under-penetration of certain high end consumer goods and financing.

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 extremely 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: Bloomberg as at 31.12.12. 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 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 US Max Alpha Fund is to generate capital growth by investing predominantly in a concentrated portfolio of between 20 and 30 securities issued by North American businesses, including US and Canadian corporations and overseas companies that derive a significant proportion of their profits or turnover from the United States of America and/or Canada, with a view to attaining consistent top quartile performance within the peer group.

There will be no restrictions in terms of country, state or regional allocation.

The Sub-Fund may acquire exposure using both equity and debt securities, collective investment schemes, other transferable securities, derivatives, cash or near cash, deposits and money market instruments (all within UCITS risk spreading and maximum exposure rules).

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 ability to take significant positions in cash or near cash should the ACD feel this appropriate in the prevailing circumstances.

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 US Max Alpha 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
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- 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:
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Neptune US Max Alpha Fund

Fund Facts

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	0.05	2.55
	B Accumulation	2.03	0.04	2.07

†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 US Max Alpha 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	173.0	159.0	8.81
B Accumulation	175.2	160.6	9.09

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	180.8	133.3	181.4	133.5
2011	188.0	141.9	189.2	143.0
2012	182.0	154.7	184.0	156.7

Net Asset Value

Date	31.12.12		31.12.11	
Net Asset Value (£)	1,807,787		6,402,224	
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	687,351	173.0	1,092,799	159.0
B Accumulation	353,139	175.2	2,904,790	160.6

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.

Neptune US Max Alpha Fund

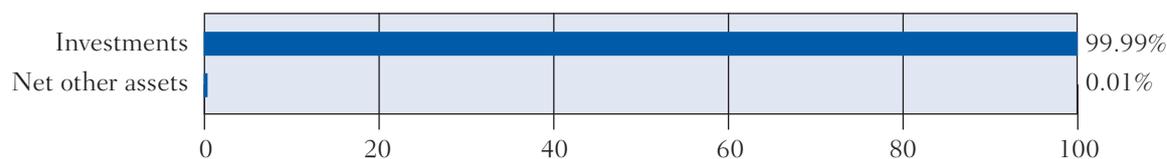
Ten Largest Holdings

as at 31 December 2012

	% of net assets
PulteGroup	5.86
Realogy	5.08
Triumph	4.79
United Rentals	4.38
Workday	4.35
Cabela's	4.31
Las Vegas Sands	4.21
Facebook 'A'	3.94
Intuit	3.81
USG	3.60

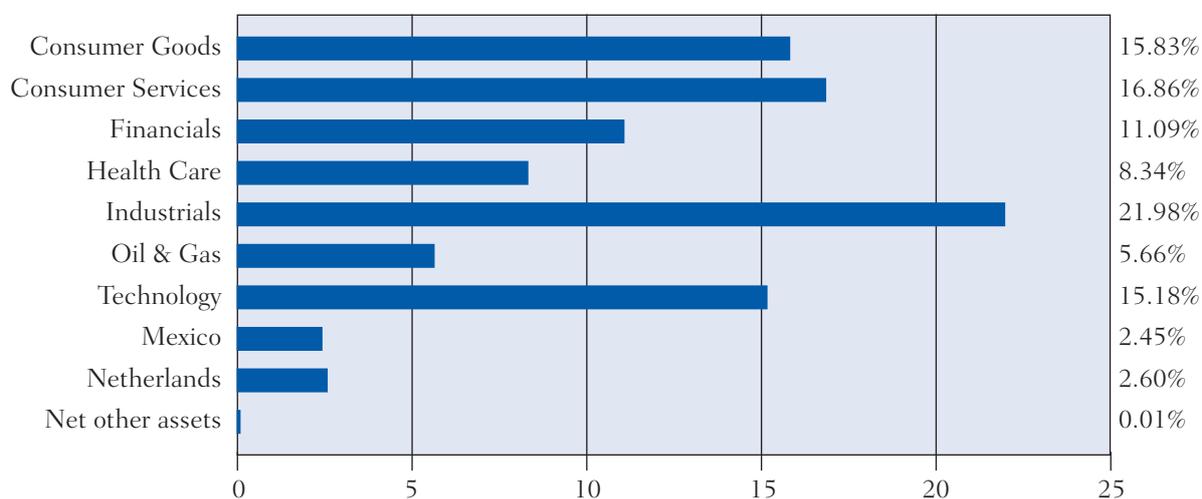
Classification of Investments

as at 31 December 2012



Geographical/Sector Spread of Investments

as at 31 December 2012



Investment Manager's Report

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 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.

Against this market backdrop the Neptune US Max Alpha Sub-Fund delivered a total return of 5.27%, behind the S&P 500 Index return and in the third quartile of the IMA North America sector.* The underperformance relative to the benchmark was partly because global equity markets were largely

driven by significant financial and political events during 2012 (Eurozone crisis, quantitative easing and the 'fiscal cliff') which resulted in high volatility and high correlation between stocks. Therefore we found that we were not positioned enough in economically-sensitive sectors at key turning points in the market, and therefore underperformed as the market rallied. Nevertheless, during 2012 positions 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 included homebuilders PulteGroup and KB Home, and construction equipment provider, United Rentals. Furthermore, our underweight positioning in the more defensive parts of the market, including consumer staples, telecommunications and utilities, was also a positive contributor to the Sub-Fund's performance.

**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. 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.*

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 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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VAT registration no. 887 1263 92.

