NEPTUNE INVESTMENT FUNDS

Interim Short Report

30 June 2012

Neptune Investment Management Limited

neptune
Invest in depth

Contents

Investment Objective and Policy

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

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

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

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

Risk Profile

The Sub-Fund has little exposure to credit or cash flow risk. There are no borrowings or unlisted securities of a material nature and so there is little exposure to liquidity risk. The main risks it faces from its financial instruments are market price, foreign currency and interest rate risk. The Manager reviews the policies for managing these risks in order to follow and achieve the Investment Objective as summarised previously.

Fund Facts

Accounting and Distribution Dates

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

Total Expense Ratio (TER)

Share Class	Total Expense Ratio %* as at 30.06.12	Total Expense Ratio %* as at 31.12.11
A Income	2.00	2.50
A Accumulation	2.00	2.50
B Income	2.00	2.50
B Accumulation	2.00	2.50

*The TER shows the annual operating expenses of the Sub-Fund as a percentage of the average net asset value. Operating expenses includes annual management charge and other expenses. Transaction charges are not included. The TER helps you compare the annual operating expenses to different schemes. The TER for all share classes is currently capped to 2.00% by the ACD. Prior to 1 January 2012 the TER was capped to 2.50%. This capping may cease at any time.

Summary

Fund Performance

Share Class	Net Asset Value as at 30.06.12 pence per share	Net Asset Value as at 31.12.11 pence per share	Net Asset Value % change
A Income	98.40	98.19	0.21
A Accumulation	104.8	103.4	1.35
B Income	108.5	100.8	7.64
B Accumulation	104.9	103.5	1.35

Distributions

Share class	Total distribution (p) for the period to 30.06.12	Total distribution (p) for the year to 31.12.11
A Income	1.1358	2.1148
A Accumulation	1.2083	2.1939
B Income	1.2480	2.1349
B Accumulation	1.2094	2.1967

Comparative Tables

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

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

*To 30 June 2012.

Summary (continued)

Net Asset Value

Date	30.06.12		31.12.11	
Net Asset Value (£)	972,712		1,219,947	
Share Class	Number of shares in issue	Net asset value per share (p)	Number of shares in issue	Net asset value per share (p)
A Income	3,071	98.40	6,392	98.19
A Accumulation	281,786	104.8	468,023	103.4
B Income	1,000	108.5	1,000	100.8
B Accumulation	641,500	104.9	704,000	103.5

Risk Warning

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

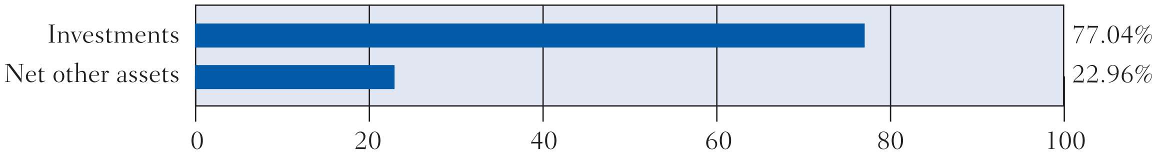
Ten Largest Holdings

as at 30 June 2012

	% of net assets
Norway Government Bond 5.00% 15/05/2015	8.49
US Treasury 3.125% 31/10/2016	6.23
Halma	2.49
Royal Dutch Shell 'B'	2.29
GlaxoSmithKline	2.23
Rolls-Royce	2.20
Reckitt Benckiser	2.08
US Treasury 2.125% 15/08/2021	2.00
Norway Government Bond 4.25% 19/05/2017	1.86
Gold Bullion Securities	1.82

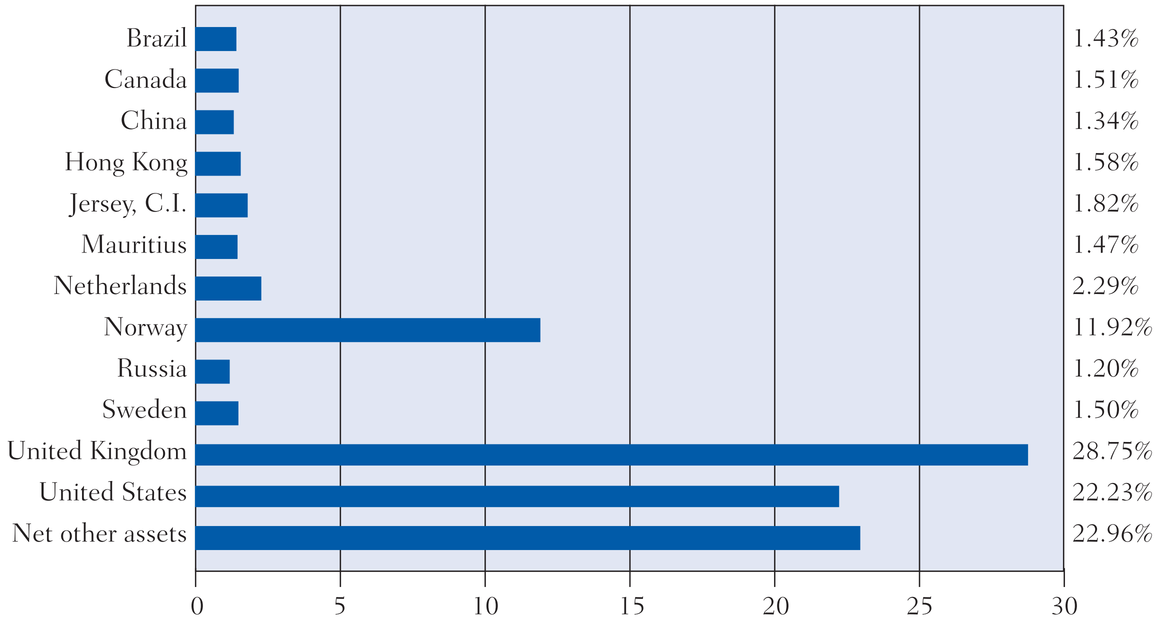
Classification of Investments

as at 30 June 2012



Geographical Spread of Investments

as at 30 June 2012



Investment Manager's Report
for the six months ended 30 June 2012

The first half of 2012 got off to a strong start as increased liquidity drove all asset classes higher. Specifically, the introduction of liquidity by the European Central Bank added some stability to the European banking system. This, together with reasonable US economic data, increased confidence in markets. Across developed market equities, in particular the UK, there was a significant diversion in performance across sectors; the rally was driven by economically sensitive sectors that had lagged the market through 2011, such as financials, industrials, consumer discretionary and technology, leaving the rest of the sectors trailing.

However as global economic uncertainty persisted, with the epicentre remaining focused on Europe, global developed markets gave back some of the gains they made at the start of the year. Adding to the levels of unease across global markets were fears of a Chinese slowdown and increasingly mixed US economic data. A flight to safety caused UK and US government bond yields to hit year-to-date lows in early June. The situation then reversed through June; stocks rallied and government yields bounced back somewhat as Greece voted in a new government and Spain received a bail out. Despite the turbulence, markets ended the first half of 2012 in positive territory, with the FTSE All-Share Index up 3.32% and the S&P 500 Index gaining 8.49%.*

Although the Sub-Fund was fully weighted in equities, the defensive bias of the portfolio did not allow it to fully benefit from the market bounce early in the year. We were, however, rewarded as sentiment reversed after the initial optimism.

Over the first half of the year, we further reduced our European exposure and took profits in Nestlé and Novartis. We continue to believe that the second half of 2012 will be a strong period for equities and as a result we have increased our exposure to more economically sensitive sectors, including industrials and information technology, adding global leaders such as Smiths Group and Apple respectively.

On the bond side, we switched our UK government bonds into Norwegian government bonds as we seek to maintain our exposure to strong, short-term government bonds but also to benefit from potential currency appreciation. Our exposure to US and Norwegian government bonds both held up well through the market jitters in the middle of the period under review, contributing to the Sub-Fund's outperformance during the falling market. Despite this, the Sub-Fund was unable to make back its underperformance from the rally at the beginning of the year. For the six months to the end of June, the Neptune Cautious Managed Sub-Fund returned 0.87% against the IMA Mix Investment 20-60% Shares sector average return of 2.39%.* The Sub-Fund remains positioned in high quality, long-term global leaders with supporting growth drivers.

**Source: Lipper, A Accumulation share class performance, IMA Mix Investment 20-60% Shares sector, in sterling with no initial charges, net income reinvested to 30.06.12. 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 and past performance is not a guide to future performance. References to specific securities are for illustration purposes only and should not be taken as a recommendation to buy or sell these securities. 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 China Fund is to generate capital growth from investment predominantly in Chinese securities, or in the securities issued by companies transacting a significant proportion of their business in China.

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

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

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

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

Risk Profile

The Sub-Fund has little exposure to credit or cash flow risk. There are no borrowings or unlisted securities of a material nature and so there is little exposure to liquidity risk. The main risks it faces from its financial instruments are market price, foreign currency and interest rate risk. The Manager reviews the policies for managing these risks in order to follow and achieve the Investment Objective as summarised previously.

Fund Facts

Accounting and Distribution Dates

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

Total Expense Ratio (TER)

Share Class	Total Expense Ratio %* as at 30.06.12	Total Expense Ratio %* as at 31.12.11
A Accumulation	1.86	1.93
B Accumulation	1.36	1.42
B Accumulation USD	1.44	1.46

*The TER shows the annual operating expenses of the Sub-Fund as a percentage of the average net asset value. Operating expenses includes annual management charge and other expenses. Transaction charges are not included. The TER helps you compare the annual operating expenses to different schemes. The TER for all share classes is currently capped to 2.50% by the ACD. This capping may cease at any time.

Summary

Fund Performance

Share Class	Net Asset Value as at 30.06.12 pence per share	Net Asset Value as at 31.12.11 pence per share	Net Asset Value % change
A Accumulation	246.3	241.0	2.20
B Accumulation	253.3	247.2	2.47
B Accumulation USD	57.46	56.10	2.42

Distributions

Share class	Total distribution (p/¢) for the period to 30.06.12	Total distribution (p/¢) for the year to 31.12.12
A Accumulation	1.3366p	0.0948p
B Accumulation	2.1004p	1.1228p
B Accumulation USD	0.7111¢	0.3533¢

Comparative Tables

Calendar Year	A Accumulation shares		B Accumulation shares		B Accumulation shares USD†	
	Highest buying price (p)	Lowest selling price (p)	Highest buying price (p)	Lowest selling price (p)	Highest buying price (¢)	Lowest selling price (¢)
2010	327.2	235.4	333.7	239.2	122.4	86.34
2011	332.4	221.8	339.3	227.2	125.5	79.30
2012*	277.0	239.3	284.4	245.9	101.2	87.37

†Launched on 18 January 2010.
*To 30 June 2012.

Net Asset Value

Date	30.06.12		31.12.11	
Net Asset Value (£)	75,722,992		77,315,653	
Share Class	Number of shares in issue	Net asset value per share (p)	Number of shares in issue	Net asset value per share (p)
A Accumulation	19,654,989	246.3	21,207,033	241.0
B Accumulation	8,420,023	253.3	8,239,069	247.2
B Accumulation USD	10,410,994	57.46	10,410,994	56.10

Risk Warning

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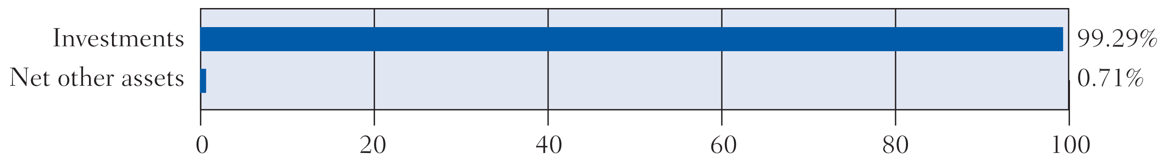
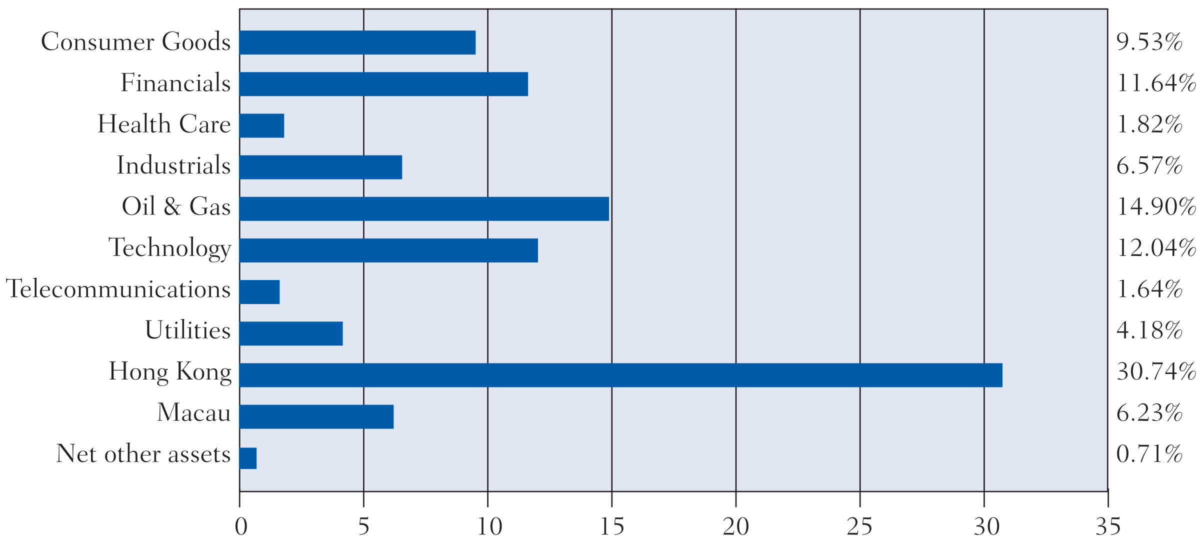
Ten Largest Holdings
as at 30 June 2012

	% of net assets
CNOOC	5.99
PetroChina	5.80
Tencent	4.58
Baidu ADR	4.16
Sands China	3.63
China Mobile	3.62
China Oilfield Services	3.11
China Overseas Land & Investment	3.11
Ping An Insurance	2.83
Wynn Macau	2.60

Classification of Investments
as at 30 June 2012



Sector Spread of Investments
as at 30 June 2012



Investment Manager's Report

for the six months ended 30 June 2012

The first quarter of 2012 opened with high expectations of stimulus activity by the Chinese government, mainly due to a raft of data which continued to point towards a gradual slowdown in the Chinese economy. This, along with the continuation of the global liquidity-driven rally in risk assets, started the year off with strong market performance. However, as the expected stimulus did not materialise, this rally waned into March. Indeed, Chinese economic data continued to be weaker than expected and this weighed on the MSCI China Index, which returned 3.18% over the six month period. Against this challenging background, the Neptune China Sub-Fund returned 1.77% in the first half of 2012, which was in line with the IMA China/Greater China sector, where the average return was 1.78%. Since inception, the Sub-Fund has returned 146.90% versus the peer group average return of 140.04%.*

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

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

Whilst diminished in magnitude, we maintained our core underweight in the financials sector – a position that hurt our relative performance, especially throughout January and February, given the policy sensitivity of many banks and property developers. Our stock selection in the sector was positive though, with the insurance holdings, the newly added brokerage business and some specialist property companies we held performing well. Similarly, our industrials holdings gave us good exposure to positive market movements, as did additions made in the energy sector.

We have begun to see some incremental policy loosening, most visible through cuts to the Required Reserve Ratio (RRR) and interest rates, as Beijing seeks to stimulate increased access to credit. It is important that we now see lending growth following through, but all the signs point in the direction of policy relaxation, and we believe this to be a strong positive in such a policy-sensitive market. The Neptune China Sub-Fund remains fully invested with a focus on the more economically-sensitive parts of the market.

**Source: Lipper, A Accumulation share class performance, IMA China/Greater China sector, in sterling with no initial charges, net income reinvested to 30.06.12. 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 and past performance is not a guide to future performance. Investing in emerging markets can involve a higher degree of risk. References to specific securities are for illustration purposes only and should not be taken as a recommendation to buy or sell these securities. Neptune funds are not tied to replicating a benchmark and holdings can therefore vary from those in the index quoted. For this reason the comparison index should be used for reference only. Neptune funds may invest more than 35% in government and public securities in a number of jurisdictions. Forecasts are not a reliable indicator of future performance. Any views expressed are those of Neptune as at the date of issue and we do not undertake to advise you as to any changes in our views.*

Investment Objective and Policy

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

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

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

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

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

Risk Profile

The Sub-Fund has little exposure to credit or cash flow risk. There are no borrowings or unlisted securities of a material nature and so there is little exposure to liquidity risk. The main risks it faces from its financial instruments are market price, foreign currency and interest rate risk. The Manager reviews the policies for managing these risks in order to follow and achieve the Investment Objective as summarised previously.

During the period the ACD entered into derivative contracts on behalf of the Sub-Fund for Efficient Portfolio Management.

The purposes of Efficient Portfolio Management (EPM) must be to achieve reduction of risk, the reduction of cost, or the generation of additional income or capital with an acceptably low level of risk, and the use of these instruments must not cause the Sub-Fund to stray from its investment objectives.

Any EPM transaction must be economically appropriate and the exposure fully covered. The ACD monitors the use of derivatives to ensure EPM rules are satisfied. At the period end, a sensitivity analysis or value at risk approach is not significant given the level and nature of the derivatives held.

Fund Facts

Accounting and Distribution Dates

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

Total Expense Ratio (TER)

Share Class	Total Expense Ratio %* as at 30.06.12	Total Expense Ratio %* as at 31.12.11
A Income	2.00	2.50
A Accumulation	2.00	2.50
B Income	2.00	2.50
B Accumulation	2.00	2.50

*The TER shows the annual operating expenses of the Sub-Fund as a percentage of the average net asset value. Operating expenses includes annual management charge and other expenses. Transaction charges are not included. The TER helps you compare the annual operating expenses to different schemes. The TER for all share classes is currently capped to 2.00% by the ACD. Prior to 1 January 2012 the TER was capped to 2.50%. This capping may cease at any time.

Summary

Fund Performance

Share Class	Net Asset Value as at 30.06.12 pence per share	Net Asset Value as at 31.12.11 pence per share	Net Asset Value % change
A Income	82.73	85.38	(3.10)
A Accumulation	92.05	92.88	(0.89)
B Income	85.90	87.72	(2.07)
B Accumulation	91.87	92.42	(0.60)

Distributions

Share class	Total distribution (p) for the period to 30.06.12	Total distribution (p) for the year to 31.12.11
A Income	2.0840	3.1042
A Accumulation	2.2491	3.2911
B Income	2.1340	2.7858
B Accumulation	2.2614	3.2868

Comparative Tables

Calendar Year	A Income shares		A Accumulation shares	
	Highest buying price (p)	Lowest selling price (p)	Highest buying price (p)	Lowest selling price (p)
2010	104.2	85.09	104.2	86.63
2011	98.65	78.63	104.5	84.45
2012*	92.65	80.66	100.5	87.54

Calendar Year	B Income shares		B Accumulation shares	
	Highest buying price (p)	Lowest selling price (p)	Highest buying price (p)	Lowest selling price (p)
2010	104.2	85.05	104.2	86.63
2011	99.68	80.02	104.4	84.39
2012*	95.65	83.59	100.4	87.37

*To 30 June 2012.

Net Asset Value

Date	30.06.12		31.12.11	
Net Asset Value (£)	648,557		664,805	
Share Class	Number of shares in issue	Net asset value per share (p)	Number of shares in issue	Net asset value per share (p)
A Income	107,601	82.73	119,598	85.38
A Accumulation	29,070	92.05	24,171	92.88
B Income	1,000	85.90	1,000	87.72
B Accumulation	579,000	91.87	583,600	92.42

Risk Warning

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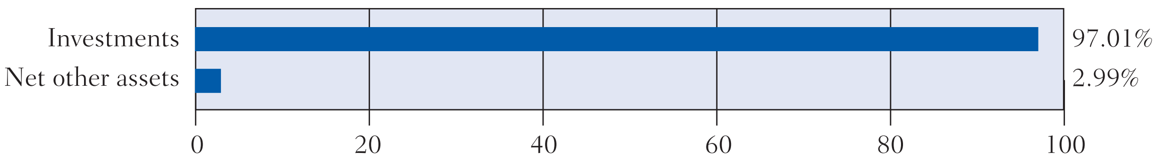
Ten Largest Holdings

as at 30 June 2012

	% of net assets
North Atlantic Drilling	4.84
Agrinos	4.18
Experian	3.92
BMW	3.91
BASF	3.82
Subsea 7	3.66
Hennes & Mauritz	3.52
McDonald's	3.48
Henkel	3.40
Syngenta	3.36

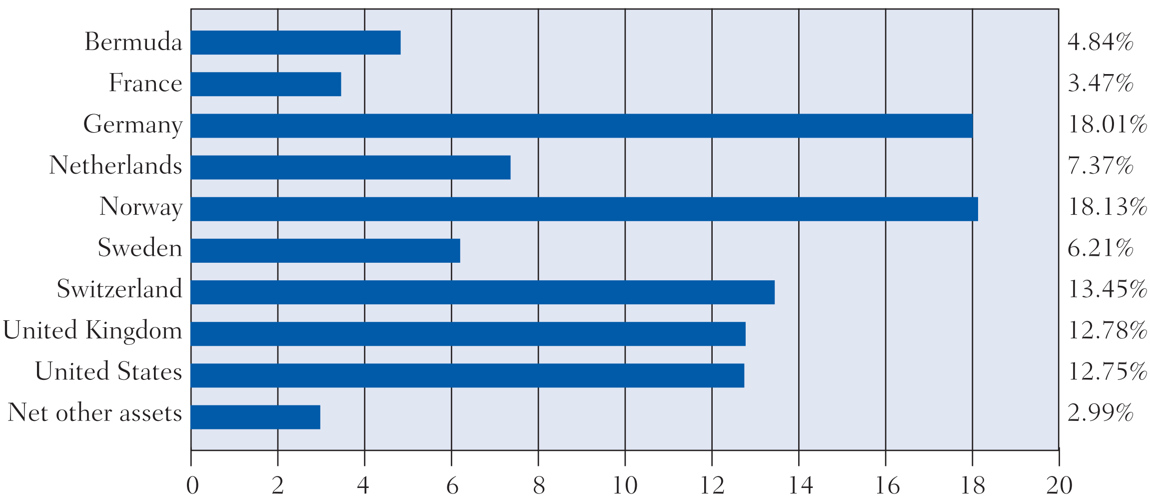
Classification of Investments

as at 30 June 2012



Geographical Spread of Investments

as at 30 June 2012



Investment Manager's Report

for the six months ended 30 June 2012

After an optimistic start to 2012, which saw economically sensitive sectors – particularly financials – rally hard, lower global growth expectations saw equity markets fall worldwide as economic indicators in most regions of the world decelerated during the second quarter. Against this background, the Neptune European Income Sub-Fund returned –1.78% in the six months to the end of June, against the MSCI Europe ex UK Index return of 1.85% and the IMA Europe ex UK sector average gain of 1.77%.* Importantly, the Sub-Fund is priced at midday whereas the benchmark is priced at the close of the day. The Sub-Fund's price did not therefore benefit from the substantial market rally that occurred in the final afternoon of the period under review, and performance does not accurately reflect the upside captured by the Sub-Fund after its midday pricing.

The Sub-Fund's underperformance stemmed largely from the first quarter of the year, when our underweight exposure to banks and weak performance in some gold stocks dampened performance. Additionally, our relatively high cash weighting at the end of January was also slightly detrimental when markets performed particularly well. During the first quarter, we added to our industrials holdings, whilst stocks from the upper end of the consumer discretionary sector, whose earnings are increasingly from Asia, such as LVMH and Hermes, were also added to the Sub-Fund.

At the start of the second quarter, we had therefore positioned the Sub-Fund for better-than-expected global growth. However the escalation of the Eurozone crisis, as well as fears over Spain's undercapitalised banks, saw the European equity markets falter somewhat. As a result it was the economically sensitive sectors that underperformed whilst the defensive sectors did relatively well. Despite this, we view recent events and policy announcements as positive. Now that the Greek election is over, we have some security over the viability of the euro in the short to medium term. In addition, despite the negative views expressed over the European Union (EU) summit, we believe that for the first time genuine progress is now being made to address the crisis. The move towards a banking union under the supervision of the European Central Bank (ECB) is the first step towards a fiscal union. Whilst we think full implementation will likely take two years, the EU is now slowly on the right track to address the crisis.

The missing link for markets is better global economic momentum. Recently, a clear deceleration around the world has been evident. However, fortunately since August last year, central banks have been working hard in cutting interest rates. After twelve months of steep rate cuts from Brazil to China, and the recent sharp drop in the oil price, we believe the world economy is about to receive a jolt of stimulus. This ought to pave the way for a decent second half of the year for European equities, as some of the flight to safety trade is unwound. The Neptune European Income Sub-Fund is therefore positioned for improved global growth expectations in the second half of the year, with positions in the chemicals, offshore oilfield services, industrials and consumer discretionary sectors most favoured. In addition, we continue to seek stocks with sustainable and growing dividends that will contribute to the overall yield of the portfolio.

**Source: Lipper, A Accumulation share class performance, IMA Europe ex UK sector, in sterling with no initial charges, net income reinvested to 30.06.12. 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 and past performance is not a guide to future performance. References to specific securities are for illustration purposes only and should not be taken as a recommendation to buy or sell these securities. 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 Opportunities Fund is to generate capital growth by investing predominantly in a concentrated portfolio of securities selected from European markets, excluding the UK, with a view to attaining top quartile performance within the appropriate peer group.

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

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Fund Facts

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Total Expense Ratio (TER)

Share Class	Total Expense Ratio %* as at 30.06.12	Total Expense Ratio %* as at 31.12.11
A Income	1.86	1.86
A Accumulation	1.82	1.84
B Income	1.35	1.34
B Accumulation	1.32	1.33
A Accumulation EUR	1.82	1.83
B Accumulation EUR	1.32	1.33

*The TER shows the annual operating expenses of the Sub-Fund as a percentage of the average net asset value. Operating expenses includes annual management charge and other expenses. Transaction charges are not included. The TER helps you compare the annual operating expenses to different schemes. The TER for all share classes is currently capped to 2.50% by the ACD. This capping may cease at any time.

Summary

Fund Performance

Share Class	Net Asset Value as at 30.06.12 pence per share	Net Asset Value as at 31.12.11 pence per share	Net Asset Value % change
A Income	275.7	290.8	(5.19)
A Accumulation	302.8	315.2	(3.93)
B Income	282.1	297.7	(5.24)
B Accumulation	315.1	327.1	(3.67)
A Accumulation EUR	93.79	97.63	(3.93)
B Accumulation EUR	95.17	98.82	(3.69)

Distributions

Share class	Total distribution (p/¢) for the period to 30.06.12	Total distribution (p/¢) for the year to 31.12.11
A Income	3.6071p	3.0574p
A Accumulation	3.9954p	3.2688p
B Income	4.4690p	4.1740p
B Accumulation	4.9839p	4.5125p
A Accumulation EUR	1.5292¢	1.1464¢
B Accumulation EUR	1.8598¢	1.5047¢

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)
2009	336.7	202.8	356.9	212.3
2010	332.0	292.4	356.7	314.3
2011	354.4	278.7	383.0	302.1
2012*	310.6	263.7	336.6	285.9

Calendar Year	B Income shares		B Accumulation shares	
	Highest buying price (p)	Lowest selling price (p)	Highest buying price (p)	Lowest selling price (p)
2009	342.8	206.3	266.3	217.3
2010	339.1	298.1	368.2	323.8
2011	362.6	285.1	396.7	313.2
2012*	318.2	270.6	349.8	297.6

*To 30 June 2012.

Summary (continued)

Comparative Tables (continued)

Calendar Year	A Accumulation EUR shares		B Accumulation EUR shares	
	Highest buying price (¢)	Lowest selling price (¢)	Highest buying price (¢)	Lowest selling price (¢)
2009†	119.4	94.20	119.5	94.30
2010	129.3	111.5	130.2	111.8
2011	135.9	107.3	136.9	108.5
2012*	125.0	110.1	126.7	111.7

†Launched 1 May 2009.
*To 30 June 2012.

Net Asset Value

Date	30.06.12		31.12.11	
Net Asset Value (£)	790,176,951		948,738,593	
Share Class	Number of shares in issue	Net asset value per share (p)	Number of shares in issue	Net asset value per share (p)
A Income	16,086,866	275.7	20,084,127	290.8
A Accumulation	91,242,764	302.8	98,615,283	315.2
B Income	23,110,415	282.1	36,161,188	297.7
B Accumulation	63,748,666	315.1	74,525,694	327.1
A Accumulation EUR	120,932,358	93.79	125,536,727	97.63
B Accumulation EUR	94,622,347	95.17	106,818,539	98.81

Risk Warning

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

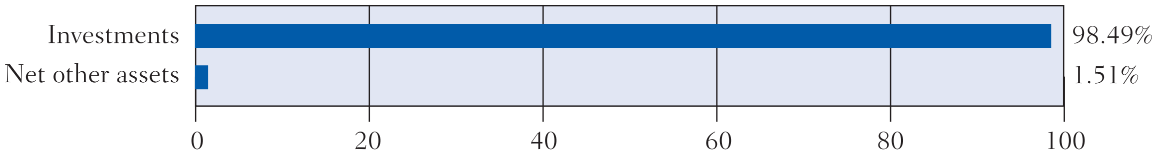
Ten Largest Holdings

as at 30 June 2012

	% of net assets
CF industries	3.74
SAP	2.76
Yara International	2.75
AGCO	2.73
F5 Networks	2.70
Banco Bilbao Vizcaya Argentaria	2.70
Banco Santander	2.70
Alfa Laval	2.64
AP Moeller - Maersk	2.60
WPP	2.60

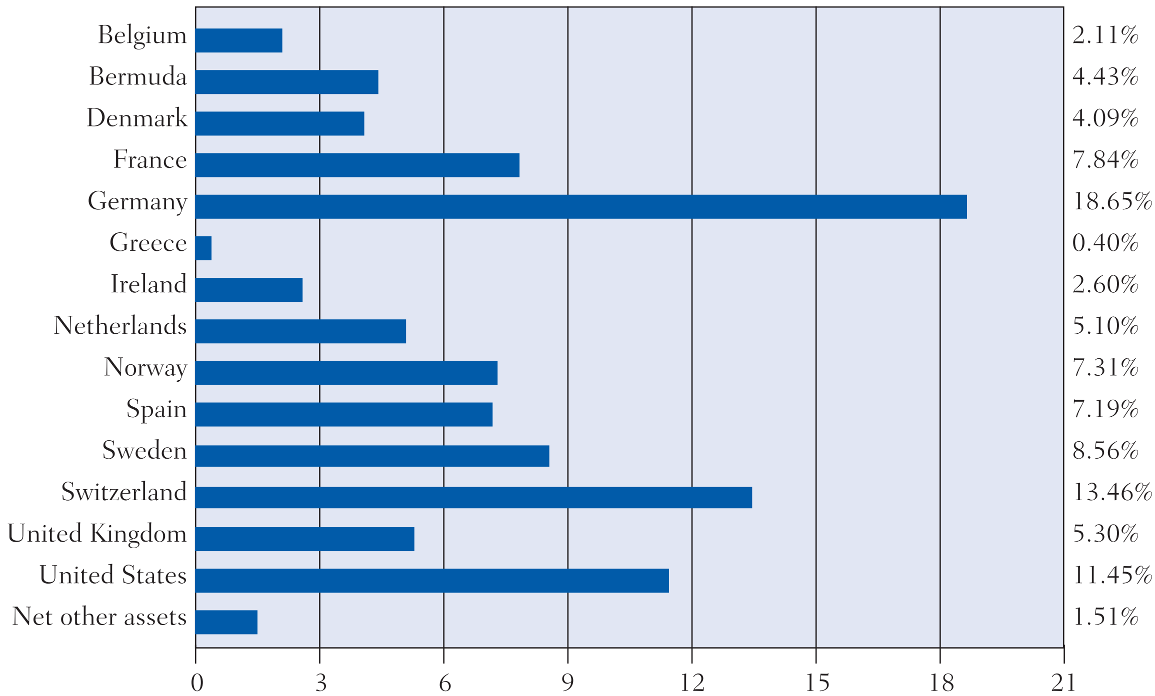
Classification of Investments

as at 30 June 2012



Geographical Spread of Investments

as at 30 June 2012



Investment Manager's Report
for the six months ended 30 June 2012

After an optimistic start to 2012, which saw economically sensitive sectors – particularly financials – rally hard, lower global growth expectations saw equity markets fall worldwide as economic indicators in most regions of the world decelerated during the second quarter. Against this background, the Neptune European Opportunities Sub-Fund returned –5.50% in the six months to the end of June, against the MSCI Europe ex UK Index return of 1.85% and the IMA Europe ex UK sector average gain of 1.77%.* Importantly, the Sub-Fund is priced at midday whereas the benchmark is priced at the close of the day. The Sub-Fund's price did not therefore benefit from the substantial market rally that occurred in the final afternoon of the period under review, and performance does not accurately reflect the upside captured by the Sub-Fund after its midday pricing.

The Sub-Fund's underperformance stemmed largely from the first quarter of the year, when our underweight exposure to banks and weak performance in some gold stocks dampened performance. Additionally, our relatively high cash weighting at the end of January was also slightly detrimental when markets performed particularly well. During the first quarter, we added to our industrials holdings, whilst stocks from the upper end of the consumer discretionary sector, whose earnings are increasingly from Asia, such as LVMH and Hermes, were also added to the Sub-Fund.

At the start of the second quarter, we had therefore positioned the Sub-Fund for better-than-expected global growth. However the escalation of the Eurozone crisis, as well as fears over Spain's undercapitalised banks, saw the European equity markets falter somewhat. As a result it was the economically sensitive sectors that underperformed whilst the defensive sectors did relatively well. Despite this, we view recent events and policy announcements as positive. Now that the Greek election is over, we have some security over the viability of the euro in the short to medium term. In addition, despite the negative views expressed over the European Union (EU) summit, we believe that for the first time genuine progress is now being made to address the crisis. The move towards a banking union under the supervision of the European Central Bank (ECB) is the first step towards a fiscal union. Whilst we think full implementation will likely take two years, the EU is now slowly on the right track to address the crisis.

The missing link for markets is better global economic momentum. Recently, a clear deceleration around the world has been evident. However, fortunately since August last year, central banks have been working hard in cutting interest rates. After twelve months of steep rate cuts from Brazil to China, and the recent sharp drop in the oil price, we believe the world economy is about to receive a jolt of stimulus. This ought to pave the way for a decent second half of the year for European equities, as some of the flight to safety trade is unwound. The Neptune European Opportunities Sub-Fund is therefore positioned for improved global growth expectations in the second half of the year, with positions in the chemicals, offshore oilfield services, industrials and consumer discretionary sectors most favoured.

**Source: Lipper, A Accumulation share class performance, IMA Europe ex UK sector, in sterling with no initial charges, net income reinvested to 30.06.12. 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 and past performance is not a guide to future performance. References to specific securities are for illustration purposes only and should not be taken as a recommendation to buy or sell these securities. Neptune funds are not tied to replicating a benchmark and holdings can therefore vary from those in the index quoted. For this reason the comparison index should be used for reference only. Neptune funds may invest more than 35% in government and public securities in a number of jurisdictions. Forecasts are not a reliable indicator of future performance. Any views expressed are those of Neptune as at the date of issue and we do not undertake to advise you as to any changes in our views.*

Investment Objective and Policy

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

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

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

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

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

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

Risk Profile

The Sub-Fund has little exposure to credit or cash flow risk. There are no borrowings or unlisted securities of a material nature and so there is little exposure to liquidity risk. The main risks it faces from its financial instruments are market price, foreign currency and interest rate risk. The Manager reviews the policies for managing these risks in order to follow and achieve the Investment Objective as summarised previously.

Fund Facts

Accounting and Distribution Dates

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

Total Expense Ratio (TER)

Share Class	Total Expense Ratio %* as at 30.06.12	Total Expense Ratio %* as at 31.12.11
A Accumulation	2.10	2.17
B Accumulation	0.72	1.31

*The TER shows the annual operating expenses of the Sub-Fund as a percentage of the average net asset value. Operating expenses includes annual management charge and other expenses. Transaction charges are not included. The TER helps you compare the annual operating expenses to different schemes. The TER for all share classes is currently capped to 2.50% by the ACD. This capping may cease at any time.

Summary

Fund Performance

Share Class	Net Asset Value as at 30.06.12 pence per share	Net Asset Value as at 31.12.11 pence per share	Net Asset Value % change
A Accumulation	247.1	244.9	0.90
B Accumulation	262.4	258.3	1.59

Distributions

Share class	Total distribution (p) for the period to 30.06.12	Total distribution (p) for the year to 31.12.11
A Accumulation	—	—
B Accumulation	0.8472	0.7299

Comparative Tables

Calendar Year	A Accumulation shares		B Accumulation shares	
	Highest buying price (p)	Lowest selling price (p)	Highest buying price (p)	Lowest selling price (p)
2009	242.8	154.2	252.0	159.2
2010	291.5	219.2	304.5	227.6
2011	303.2	234.4	317.6	246.7
2012*	278.1	239.2	293.8	253.6

*To 30 June 2012.

Net Asset Value

Date	30.06.12		31.12.11	
Net Asset Value (£)	83,347,575		88,864,593	
Share Class	Number of shares in issue	Net asset value per share (p)	Number of shares in issue	Net asset value per share (p)
A Accumulation	32,032,840	247.1	34,009,178	244.9
B Accumulation	1,603,052	262.4	2,153,062	258.3

Risk Warning

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

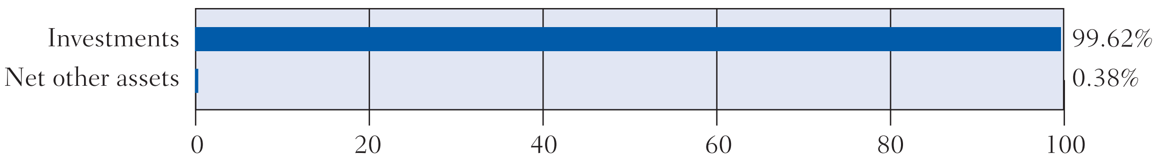
Ten Largest Holdings

as at 30 June 2012

	% of net assets
Alexion Pharmaceuticals	5.70
Want Want China	5.14
Tencent	5.01
State Bank of Mauritius	4.88
Baidu ADR	4.40
Uralkali GDR	4.39
Magnit	4.11
Polyus Gold International	3.50
Mandarin Oriental	3.44
NovaTek GDR	3.24

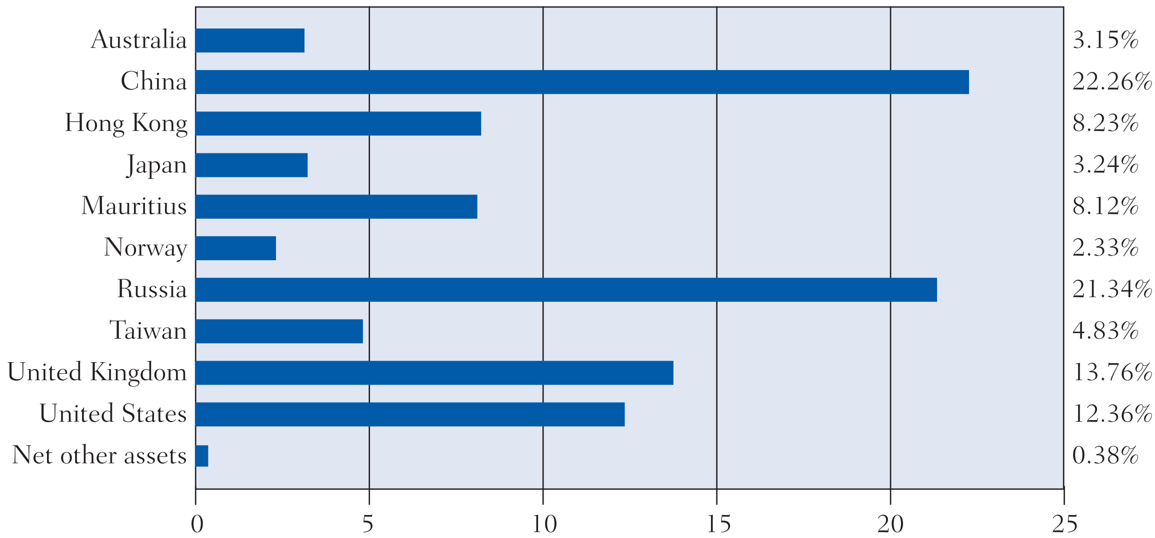
Classification of Investments

as at 30 June 2012



Geographical Spread of Investments

as at 30 June 2012



Investment Manager's Report

for the six months ended 30 June 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 ratio requirement (RRR) cut, the Federal Reserve extending a dollar swap line to Europe or the Eurozone's own Long-Term Refinancing Operation (LTRO). 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 Neptune Global Alpha Sub-Fund performed strongly during the first quarter, with our overweights in growth-orientated areas and the emerging markets being notable contributors. Some of the Sub-Fund's top performers included Chinese information technology holdings, as well as a Russian bank, all of which posted returns of over 20% during the first quarter. In addition, our underweight exposure to defensive areas such as healthcare and utilities was also positive.

The second quarter, however, saw a reversal of the optimism that characterised the first three months of 2012, 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. Positively, our continued zero exposure to Eurozone financials was a strong contributor throughout the turbulence, whilst our stock selection in China was also positive, as were our consumer staples and healthcare holdings.

Overall, the Neptune Global Alpha Sub-Fund returned –0.33% in the six months to the end of June 2012, versus the IMA Flexible Investment sector average return of 2.57%.* Importantly, the Sub-Fund is priced at midday whereas the benchmark is priced at the close of the day. The Sub-Fund's price did not therefore benefit from the substantial market rally that occurred in the final afternoon of the period under review, and performance does not accurately reflect the upside captured by the Sub-Fund after its midday pricing. Since launch the Sub-Fund remains in the top decile of the IMA Flexible Investment sector, having returned 145.30% against the sector average return of 70.84%.*

Looking forward, we believe that growth in the US is likely to accelerate again in the second half of 2012 on account of a rise in real household income due to the recent fall in energy prices, a rebound in inventories from the current low level and a moderate pickup in residential investment. This should support global equity markets. Therefore, we maintain conviction in our positioning and are positive on the outlook for the remainder of the year, despite the challenges faced. Equities are undervalued and markets are lacking confidence, so we believe that the potential for upside is significant. We remain focused on sector-leading growth stocks, with a continued bias towards the emerging markets.

**Source: Lipper, A Accumulation share class performance, IMA Flexible Investment sector, in sterling with no initial charges, net income reinvested to 30.06.12. 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 and past performance is not a guide to future performance. Investing in emerging markets can involve a higher degree of risk. References to specific securities are for illustration purposes only and should not be taken as a recommendation to buy or sell these securities. Neptune funds are not tied to replicating a benchmark and holdings can therefore vary from those in the index quoted. For this reason the comparison index should be used for reference only. Neptune funds may invest more than 35% in government and public securities in a number of jurisdictions. Forecasts are not a reliable indicator of future performance. Any views expressed are those of Neptune as at the date of issue and we do not undertake to advise you as to any changes in our views.*

Investment Objective and Policy

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

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

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

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

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

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

Risk Profile

The Sub-Fund has little exposure to credit or cash flow risk. There are no borrowings or unlisted securities of a material nature and so there is little exposure to liquidity risk. The main risks it faces from its financial instruments are market price, foreign currency and interest rate risk. The Manager reviews the policies for managing these risks in order to follow and achieve the Investment Objective as summarised previously.

Fund Facts

Accounting and Distribution Dates

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

Total Expense Ratio (TER)

Share Class	Total Expense Ratio %* as at 30.06.12	Total Expense Ratio %* as at 31.12.11
A Income	1.79	1.84
A Accumulation	1.80	1.83
B Income	1.57	1.46
B Accumulation	1.30	1.33
A Accumulation EUR	2.48	2.11
B Accumulation EUR	1.33	1.42
A Accumulation USD	1.96	1.99
B Accumulation USD	1.42	1.41

*The TER shows the annual operating expenses of the Sub-Fund as a percentage of the average net asset value. Operating expenses includes annual management charge and other expenses. Transaction charges are not included. The TER helps you compare the annual operating expenses to different schemes. The TER for all share classes is currently capped to 2.50% by the ACD. This capping may cease at any time.

Summary

Fund Performance

Share Class	Net Asset Value as at 30.06.12 pence per share	Net Asset Value as at 31.12.11 pence per share	Net Asset Value % change
A Income	84.29	83.64	0.78
A Accumulation	258.9	256.6	0.90
B Income	84.17	83.52	0.78
B Accumulation	272.9	269.7	1.19
A Accumulation EUR†	111.0	110.2	0.73
B Accumulation EUR†	113.6	112.3	1.16
A Accumulation USD†	83.40	82.74	0.80
B Accumulation USD†	84.81	83.89	1.10

†Launched on 1 May 2009.

Distributions

Share class	Total distribution (p/¢) for the period to 30.06.12	Total distribution (p/¢) for the year to 31.12.11
A Income	0.1108p	0.0392p
A Accumulation	0.3274p	0.1233p
B Income	0.2045p	0.2411p
B Accumulation	1.0598p	1.0744p
A Accumulation EUR†	—	—
B Accumulation EUR†	0.5378¢	0.3620¢
A Accumulation USD†	0.0662¢	—
B Accumulation USD†	0.4337¢	0.4026¢

†Launched on 1 May 2009.

Comparative Tables

Calendar Year	A Income shares		A Accumulation shares	
	Highest buying price (p)	Lowest selling price (p)	Highest buying price (p)	Lowest selling price (p)
2010	102.6	78.87	314.5	240.8
2011	104.1	76.32	319.3	234.1
2012*	95.28	82.09	292.3	251.8

Calendar Year	B Income shares		B Accumulation shares	
	Highest buying price (p)	Lowest selling price (p)	Highest buying price (p)	Lowest selling price (p)
2010	102.3	78.80	329.0	250.7
2011	103.8	76.17	334.0	245.9
2012*	95.19	82.06	307.6	265.3

*To 30 June 2012.

Summary (continued)

Comparative Tables (continued)

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

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

*To 30 June 2012.

Net Asset Value

Date	30.06.12		31.12.11	
Net Asset Value (£)	964,378,108		1,058,064,549	
Share Class	Number of shares in issue	Net asset value per share (p)	Number of shares in issue	Net asset value per share (p)
A Income	58,019,194	84.29	58,304,655	83.64
A Accumulation	173,714,584	258.9	189,475,042	256.6
B Income	2,179,475	84.17	2,842,725	83.52
B Accumulation	164,275,014	272.9	188,517,836	269.7
A Accumulation EUR	522,636	111.0	548,259	110.2
B Accumulation EUR	6,814,006	113.6	4,382,147	112.3
A Accumulation USD	3,748,846	83.40	3,092,351	82.74
B Accumulation USD	4,983,606	84.81	4,983,602	83.89

Risk Warning

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

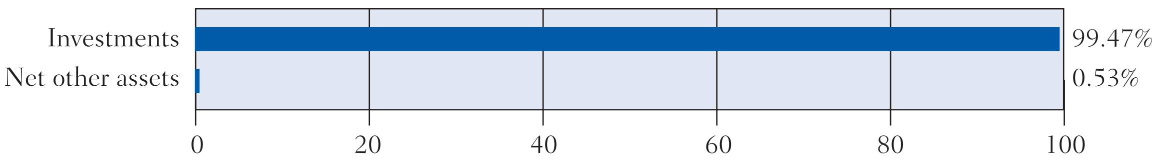
Ten Largest Holdings

as at 30 June 2012

	% of net assets
Apple	4.63
Baidu ADR	3.99
AGCO	3.02
Hershey	2.86
Mandarin Oriental International	2.80
Estee Lauder	2.72
Rolls-Royce	2.67
Tencent	2.60
IBM	2.58
Caterpillar	2.58

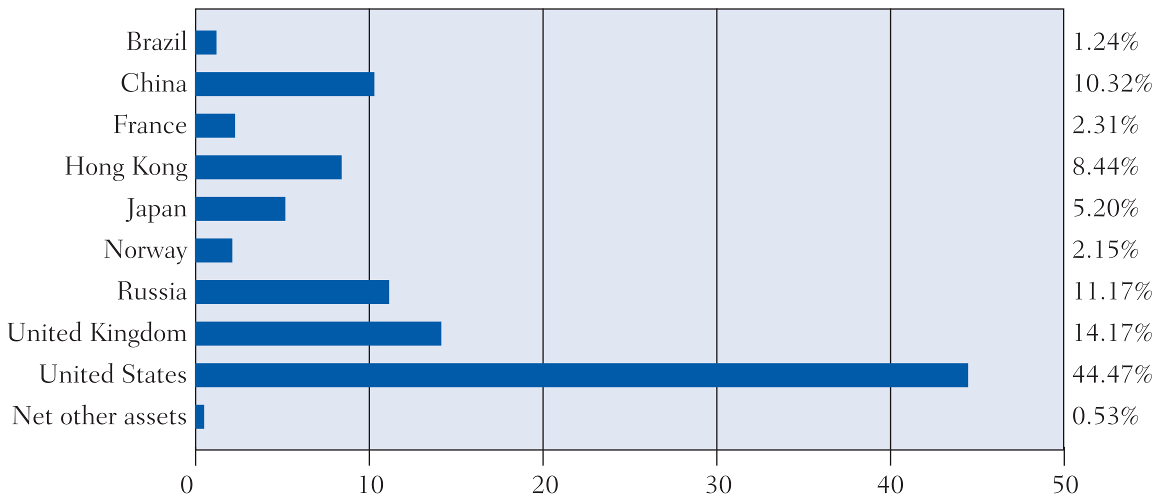
Classification of Investments

as at 30 June 2012



Geographical Spread of Investments

as at 30 June 2012



Investment Manager's Report

for the six months ended 30 June 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 ratio requirement (RRR) cut, the Federal Reserve extending a dollar swap line to Europe or the Eurozone's own Long-Term Refinancing Operation (LTRO). 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 Neptune Global Equity Sub-Fund performed strongly during the first quarter, with our overweights in growth-orientated areas and the information technology sector, especially our emerging market holdings, being notable contributors. The increase in risk appetite also saw our energy holdings perform strongly, whilst our long-held overweights in China and Russia were once again well rewarded. In addition, our underweight exposure to defensive areas such as healthcare and utilities was also positive.

The second quarter, however, saw a reversal of the optimism that characterised the first three months of 2012, 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. Positively, our continued zero exposure to Eurozone financials was a strong contributor throughout the turbulence, and we also saw some excellent performance from our consumer names, especially Hershey's and Diageo.

Overall, the Sub-Fund returned –0.47% in the six month period, versus the MSCI World Index return of 5.32% and the IMA Global sector average return of 2.68%.* Importantly, the Sub-Fund is priced at midday whereas the benchmark is priced at the close of the day. The Sub-Fund's price did not therefore benefit from the substantial market rally that occurred in the final afternoon of the period under review, and the performance does not accurately reflect the upside captured by the Sub-Fund after its midday pricing. Since launch, the Sub-Fund remains in the top decile of the sector, having returned 156.00% against the average return of 54.99% and the MSCI World Index rise of 48.16%.*

Looking forward, we believe that growth in the US is likely to accelerate again in the second half of 2012 on account of a rise in real household income due to the recent fall in energy prices, a rebound in inventories from the current low level and a moderate pickup in residential investment. We therefore took advantage of price weakness in the second quarter to increase exposure to the US consumer. These acquisitions were funded by reducing our healthcare weighting to zero percent, and by further reducing our banks position by locking in profits in HSBC. We maintain conviction in our positioning and are positive on the outlook, despite the challenges faced. Equities are undervalued and markets are lacking confidence, so therefore we believe that the potential for upside is significant.

**Source:* *Lipper, A Accumulation share class performance, IMA Global sector, in sterling with no initial charges, net income reinvested to 30.06.12. 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 and past performance is not a guide to future performance. Investing in emerging markets can involve a higher degree of risk. References to specific securities are for illustration purposes only and should not be taken as a recommendation to buy or sell these securities. Neptune funds are not tied to replicating a benchmark and holdings can therefore vary from those in the index quoted. For this reason the comparison index should be used for reference only. Neptune funds may invest more than 35% in government and public securities in a number of jurisdictions. Forecasts are not a reliable indicator of future performance. Any views expressed are those of Neptune as at the date of issue and we do not undertake to advise you as to any changes in our views.*

Investment Objective and Policy

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

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

It is anticipated that derivatives 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 Profile

The Sub-Fund has little exposure to credit or cash flow risk. There are no borrowings or unlisted securities of a material nature and so there is little exposure to liquidity risk. The main risks it faces from its financial instruments are market price, foreign currency and interest rate risk. The Manager reviews the policies for managing these risks in order to follow and achieve the Investment Objective as summarised previously.

Fund Facts

Accounting and Distribution Dates

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

Total Expense Ratio (TER)

Share Class	Total Expense Ratio %* as at 30.06.12	Total Expense Ratio %* as at 31.12.11
A Income	2.00	2.50
A Accumulation	2.00	2.50
B Income	1.92	2.50
B Accumulation	1.85	2.50

*The TER shows the annual operating expenses of the Sub-Fund as a percentage of the average net asset value. Operating expenses includes annual management charge and other expenses. Transaction charges are not included. The TER helps you compare the annual operating expenses to different schemes. The TER for all share classes is currently capped to 2.00% by the ACD. Prior to 1 January 2012 the TER was capped to 2.50%. This capping may cease at any time.

Summary

Fund Performance

Share Class	Net Asset Value as at 30.06.12 pence per share	Net Asset Value as at 31.12.11 pence per share	Net Asset Value % change
A Income	89.93	89.77	0.18
A Accumulation	101.2	98.68	2.55
B Income	89.43	86.44	3.46
B Accumulation	101.1	98.46	2.68

Distributions

Share class	Total distribution (p) for the period to 30.06.12	Total distribution (p) for the year to 31.12.11
A Income	2.0931	4.9360
A Accumulation	2.2973	5.2065
B Income	2.0759	2.8114
B Accumulation	2.2943	5.2284

Comparative Tables

Calendar Year	A Income shares		A Accumulation shares	
	Highest buying price (p)	Lowest selling price (p)	Highest buying price (p)	Lowest selling price (p)
2010	114.8	94.85	117.6	94.92
2011	114.1	87.05	119.4	93.49
2012*	98.25	89.48	108.1	98.39

Calendar Year	B Income shares		B Accumulation shares	
	Highest buying price (p)	Lowest selling price (p)	Highest buying price (p)	Lowest selling price (p)
2010	114.5	94.84	117.3	94.90
2011	113.9	83.99	119.2	93.29
2012*	97.67	88.98	107.8	98.26

*To 30 June 2012.

Net Asset Value

Date	30.06.12		31.12.11	
Net Asset Value (£)	9,439,348		3,254,747	
Share Class	Number of shares in issue	Net asset value per share (p)	Number of shares in issue	Net asset value per share (p)
A Income	1,270,902	89.93	1,087,890	89.77
A Accumulation	3,404,327	101.2	416,624	98.68
B Income	2,684,739	89.43	1,000	86.44
B Accumulation	2,425,400	101.1	1,895,400	98.46

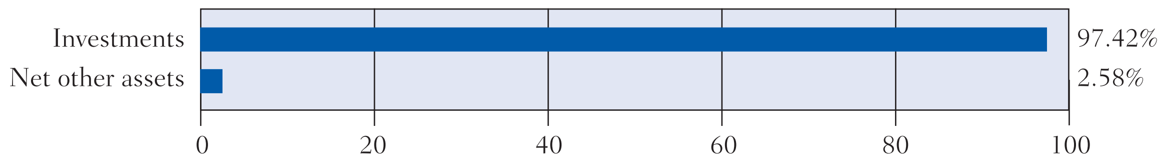
Risk Warning

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

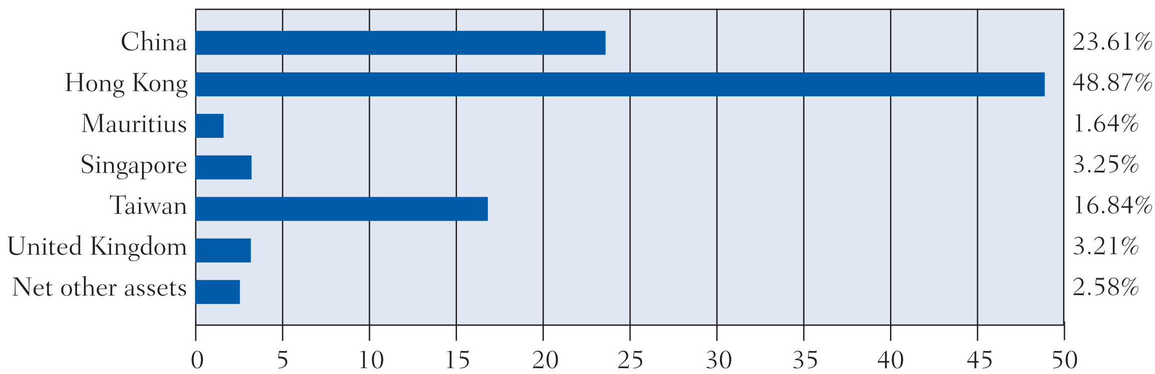
Ten Largest Holdings
as at 30 June 2012

	% of net assets
CNOOC	5.16
PetroChina	4.75
BOC Hong Kong	3.61
HSBC	3.21
China Mobile	2.92
Taiwan Mobile 'P-Note'	2.81
CLP	2.66
Cheung Kong Infrastructure	2.60
Chunghwa Telecom ADR	2.56
Power Assets	2.50

Classification of Investments
as at 30 June 2012



Geographical Spread of Investments
as at 30 June 2012



Investment Manager's Report
for the six months ended 30 June 2012

The first quarter of 2012 opened with high expectations of stimulus activity by the Chinese government, mainly due to a raft of data which continued to point towards a gradual slowdown in the Chinese economy. This, along with the continuation of the global liquidity-driven rally in risk assets, started the year off with strong market performance. However, as the expected stimulus did not materialise, this rally waned. Indeed, Chinese economic data continued to be weaker than expected and this weighed on the MSCI China Index, which returned 3.18% over the six month period.*

In this context, the defensive Neptune Greater China Income Sub-Fund returned 2.16% versus the IMA China/Greater China sector average return of 1.78%.* We did not seek to aggressively chase the rally in January and February given that we saw it as running too far ahead of the improvements. That said, we maintained our belief that Beijing would be able to continue managing the economy to avoid a 'hard landing'. As such, we saw selective opportunities for adjustments in our holdings. Utilities saw its weighting lowered, as did telecommunications given the relative attractiveness of more pro-growth opportunities. Industrials and information technology were increased by adding Shenzhen International and an upstream semiconductor company. Given that several of the cash rich Macau casino operators have started paying dividends, we also added Sands China to the portfolio.

As the half-year progressed, we used market weakness to increase our 'pro-growth' stance, adding SJM Holdings – which enjoys significant exposure to Macau's mass market gambling – as well as Hutchison Port Trusts, a highly cash generative and dividend paying play on export and import improvements. More recently, we have also increased our exposure to the policy sensitive financials sector, selectively reducing our underweight in banks. Similarly, we have also added a property developer trading at very low multiples. Whilst the consumer sector remains a long-term overweight, it was slightly pared back through a few sales of businesses facing a combination of weaker end-demand, stronger competitive threats and in one case increased political risk.

The Sub-Fund lagged the sharp rally in the first two months of the year given the lower risk nature of our stocks and our underweight in financials. However, the holdings we have in Hong Kong banks and various real estate investment trusts were beneficial. Similarly, our large weighting in energy gave us exposure to positive markets, as did our industrials and IT hardware companies. In the weaker second quarter, we regained almost all of our relative performance as our overweight in the key defensive sectors, such as utilities and telecommunications, was resilient.

We have begun to see some incremental policy loosening, most visible through cuts to the Required Reserve Ratio (RRR) and interest rates, as Beijing seeks to stimulate increased access to credit. It is important that we now see lending growth following through, but all the signs point in the direction of policy relaxation, and we believe this to be a strong positive in such a policy-sensitive market. The Neptune Greater China Income Sub-Fund retains conviction in its positioning and on track to maintain a full year yield of c.4.5%.

**Source: Lipper, A Accumulation share class performance, IMA China/Greater China sector, in sterling with no initial charges, net income reinvested to 30.06.12. 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 and past performance is not a guide to future performance. Investing in emerging markets can involve a higher degree of risk. References to specific securities are for illustration purposes only and should not be taken as a recommendation to buy or sell these securities. Neptune funds are not tied to replicating a benchmark and holdings can therefore vary from those in the index quoted. For this reason the comparison index should be used for reference only. Neptune funds may invest more than 35% in government and public securities in a number of jurisdictions. Forecasts are not a reliable indicator of future performance. Any views expressed are those of Neptune as at the date of issue and we do not undertake to advise you as to any changes in our views.*

Investment Objective and Policy

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

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

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

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

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

Risk Profile

The Sub-Fund has little exposure to credit or cash flow risk. There are no borrowings or unlisted securities of a material nature and so there is little exposure to liquidity risk. The main risks it faces from its financial instruments are market price, foreign currency and interest rate risk. The Manager reviews the policies for managing these risks in order to follow and achieve the Investment Objective as summarised previously.

Fund Facts

Accounting and Distribution Dates

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

Total Expense Ratio (TER)

Share Class	Total Expense Ratio %* as at 30.06.12	Total Expense Ratio %* as at 31.12.11
A Accumulation	2.46	2.45
B Accumulation	2.50	2.50

*The TER shows the annual operating expenses of the Sub-Fund as a percentage of the average net asset value. Operating expenses includes annual management charge and other expenses. Transaction charges are not included. The TER helps you compare the annual operating expenses to different schemes. The TER for all share classes is currently capped to 2.50% by the ACD. This capping may cease at any time.

Summary

Fund Performance

Share Class	Net Asset Value as at 30.06.12 pence per share	Net Asset Value as at 31.12.11 pence per share	Net Asset Value % change
A Accumulation	59.66	59.22	0.74
B Accumulation	59.08	58.67	0.70

Distributions

Share class	Total distribution (p) for the period to 30.06.12	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)
2009	84.63	52.67	84.11	52.69
2010	89.51	73.27	88.85	72.67
2011	87.89	56.93	87.06	56.41
2012*	71.13	55.19	70.45	54.65

*To 30 June 2012.

Net Asset Value

Date	30.06.12		31.12.11	
Net Asset Value (£)	4,126,961		4,185,926	
Share Class	Number of shares in issue	Net asset value per share (p)	Number of shares in issue	Net asset value per share (p)
A Accumulation	6,821,548	59.66	6,936,735	59.22
B Accumulation	96,998	59.08	133,386	58.67

Risk Warning

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

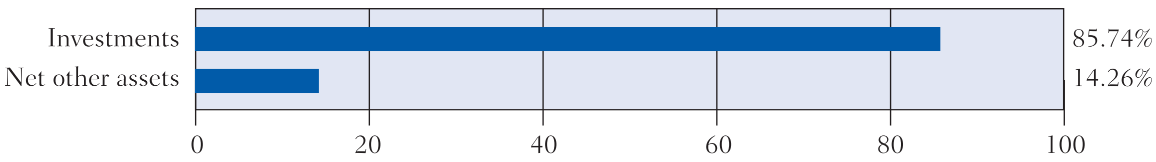
Ten Largest Holdings

as at 30 June 2012

	% of net assets
Westport Innovations	9.81
Universal Display	8.33
JohnsonMatthey	7.03
Methanex	6.42
Donaldson	6.19
Chugai Ro	4.69
Algonquin Power & Utilities	4.55
Headwaters	3.97
Cameco	3.38
Ormat Technologies	3.30

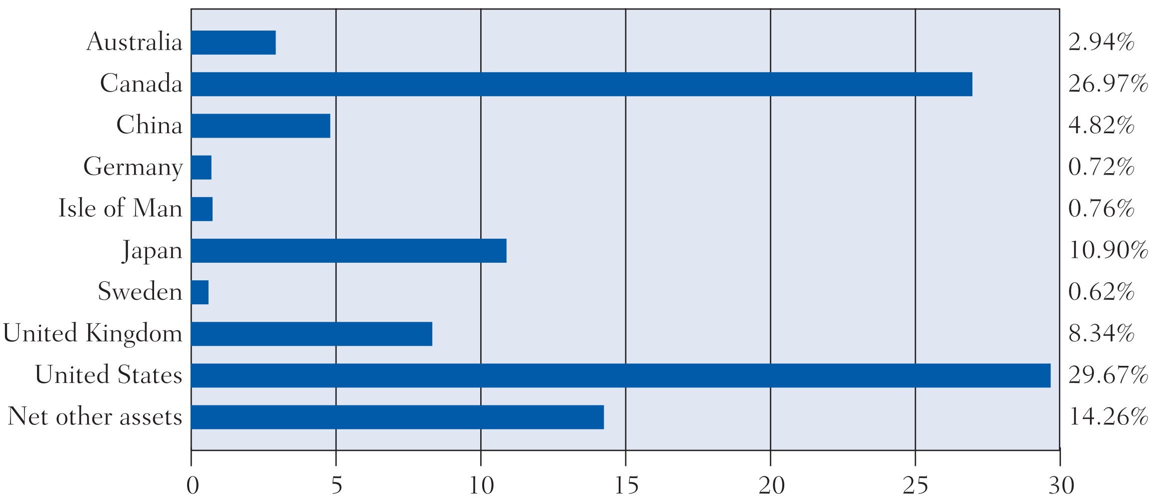
Classification of Investments

as at 30 June 2012



Geographical Spread of Investments

as at 30 June 2012



Investment Manager's Report
for the six months ended 30 June 2012

During the first half of 2012, the Neptune Green Planet Sub-Fund returned –0.37% versus the MSCI World Index's 5.32% gain.* A good first quarter was reversed by the market declines and turbulence of the second three month timespan.

The Sub-Fund rose by 10.35% across the first quarter, compared to the MSCI World Index's 8.66% gain.* During this period, the price of brent crude oil rose from a low of $102 per barrel to almost $116 per barrel, before drifting down to close the quarter at the $108 mark. 'Green' stocks gained ground in response to improved investor risk appetite as Eurozone debt crisis fears were allayed. As expected, under such circumstances the Wilderhill Clean Energy Index gained 6.4% during the quarter.*

However, in the second quarter the Neptune Green Planet Sub-Fund declined by –9.71%, compared to the MSCI World Index's –3.08% gain.* During this period the price of brent crude oil weakened, starting from a high of almost $127 per barrel to bottom at around $88 per barrel on 22 June, before staging a mild recovery to close the quarter at the $98 mark. "Green" stocks were impacted the most in response to resurgent Eurozone debt crisis fears: the Wilderhill Clean Energy Index dropped by over –17.0% during this period.*

Particularly strong local currency gains were achieved by nuclear-related company shares as they recovered from the worst implications of Japan's reactor meltdowns. As a direct result, Cameco (a Canadian uranium supplier) and Studsvik (a Swedish nuclear waste treatment/storage company), appreciated by 20.75% and 16.67% respectively over the period.†

Similarly, the solar sector staged a broad recovery as the industry's prospects proved to be a lot less dire than was expected late last year, when many stocks traded at near cash per share equivalents value despite being profitable over 2011 and with no prospect of losses, or much diminished earnings over the next few years either. So the Sub-Fund's solar related investments, like China Sunergy, Canadian Solar, Hanwa Solarone, Renesola and Centrosolar jumped by 60.6%, 56.4%, 30.4%, 15.4% and 13.4% respectively.†

Elsewhere, continued business gains by alternative fuel device suppliers saw their share prices appreciate. US fuel cell firms did well such as Fuelcell Energy and Headwaters whose shares climbed by 25.9% and 198.3% respectively.†

In the second quarter, solar cell industry shares were hard hit by ongoing uncertainty over feed-in tariffs and subsidy levels, especially in Europe (Germany) and the Far East (China). This resulted in the share prices of Tokuyama, a Japan-based silicon substrate supplier, dropping by around -31.4% whilst those of two Chinese solar product firms, Suntech Power Holdings and Trina Solar fell by –13.9% and –22.9% respectively.†

Elsewhere, poorer than expected car sales in China meant that shares in BYD, the Chinese electric car company, fell by over 32%. In London, environmental shares seemed broadly out of favour, with UK based Modern Water, Ocean Power Technology and Trading Emissions dropping by –4%, –32% and –20% respectively in the second quarter. The latter was hit by a rumoured drop in the apparent value of the carbon emission credits that it created/held, which later proved to be largely unfounded. Somewhat oddly virtually all the Fund's holdings in Australian 'green' companies fell by over 30% in the half year, as investors shunned such stocks.†

Looking forward, we expect individual firms' news will continue to largely determine their share prices, whilst any pickup in investor sentiment should disproportionately benefit our holdings given how hard they have been hit over the last few years by investor risk aversion and despite their steadily improving business conditions. Actual bids continue to confirm how undervalued many of the stocks that we hold are.

**Source: Lipper, A Accumulation share class performance, in sterling with no initial charges, net income reinvested to 30.06.12. 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 and past performance is not a guide to future performance. References to specific securities are for illustration purposes only and should not be taken as a recommendation to buy or sell these securities. 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.*

†Source: Bloomberg, as at 30.06.12, in local currency.

Investment Objective and Policy

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

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

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

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

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

Risk Profile

The Sub-Fund has little exposure to credit or cash flow risk. There are no borrowings or unlisted securities of a material nature and so there is little exposure to liquidity risk. The main risks it faces from its financial instruments are market price, foreign currency and interest rate risk. The Manager reviews the policies for managing these risks in order to follow and achieve the Investment Objective as summarised previously.

Fund Facts

Accounting and Distribution Dates

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

Total Expense Ratio (TER)

Share Class	Total Expense Ratio %* as at 30.06.12	Total Expense Ratio %* as at 31.12.11
A Income	1.63	1.66
A Accumulation	1.64	1.66
B Income	1.14	1.16
B Accumulation	1.16	1.17

*The TER shows the annual operating expenses of the Sub-Fund as a percentage of the average net asset value. Operating expenses includes annual management charge and other expenses. Transaction charges are not included. The TER helps you compare the annual operating expenses to different schemes. The TER for all share classes is currently capped to 2.50% by the ACD. This capping may cease at any time.

Summary

Fund Performance

Share Class	Net Asset Value as at 30.06.12 pence per share	Net Asset Value as at 31.12.11 pence per share	Net Asset Value % change
A Income	144.2	137.9	4.57
A Accumulation	233.8	217.9	7.30
B Income	148.7	141.9	4.79
B Accumulation	244.4	227.3	7.52

Distributions

Share class	Total distribution (p) for the period to 30.06.12	Total distribution (p) for the year to 31.12.11
A Income	3.7610	6.8760
A Accumulation	5.9427	10.4830
B Income	3.8744	7.0587
B Accumulation	6.2063	10.8301

Comparative Tables

Calendar Year	A Income shares		A Accumulation shares	
	Highest buying price (p)	Lowest selling price (p)	Highest buying price (p)	Lowest selling price (p)
2010	157.4	125.7	233.7	186.6
2011	157.4	128.0	240.2	198.7
2012*	152.4	139.6	240.8	220.6

Calendar Year	B Income shares		B Accumulation shares	
	Highest buying price (p)	Lowest selling price (p)	Highest buying price (p)	Lowest selling price (p)
2010	161.1	128.3	242.2	193.0
2011	161.4	131.5	249.9	207.0
2012*	156.9	143.9	251.3	230.4

*To 30 June 2012.

Net Asset Value

Date	30.06.12		31.12.11	
Net Asset Value (£)	994,006,848		1,016,643,946	
Share Class	Number of shares in issue	Net asset value per share (p)	Number of shares in issue	Net asset value per share (p)
A Income	231,300,638	144.2	240,921,822	137.9
A Accumulation	94,703,673	233.8	103,062,342	217.9
B Income	269,296,127	148.7	293,060,814	141.9
B Accumulation	15,777,130	244.4	19,314,165	227.3

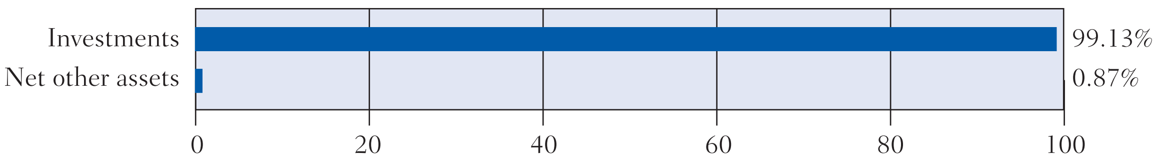
Risk Warning

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

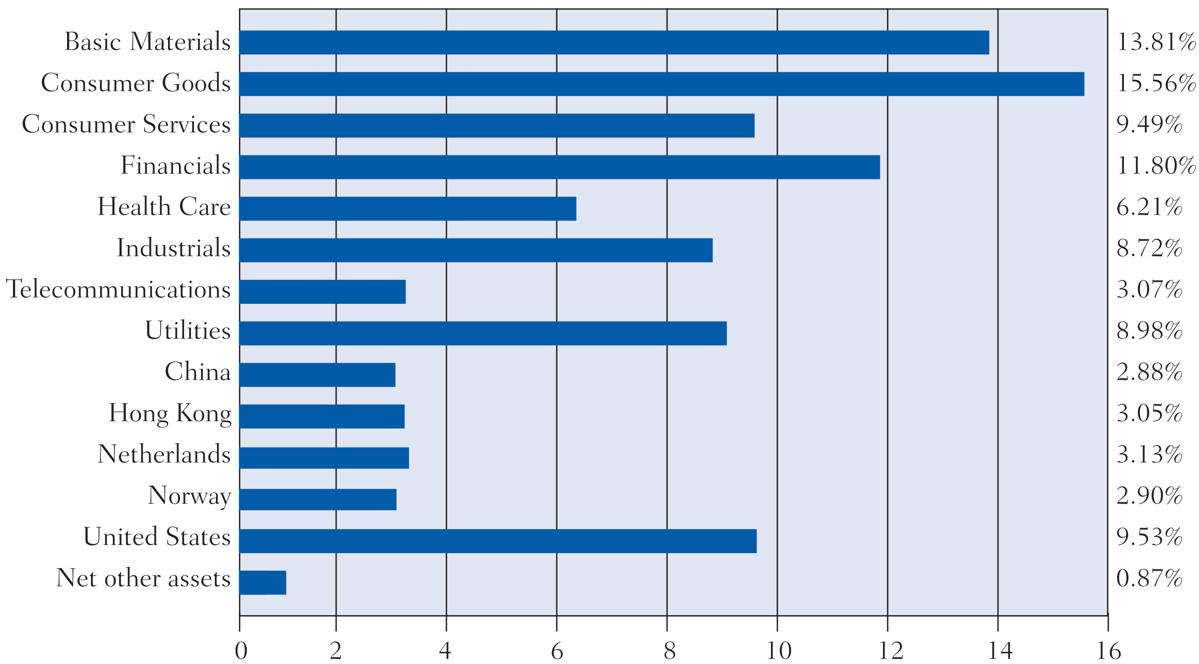
Ten Largest Holdings
as at 30 June 2012

	% of net assets
Halma	3.36
Altria	3.32
British American Tobacco	3.26
Pearson	3.24
Unilever	3.24
Chevron	3.21
Legal & General	3.20
Compass	3.19
HSBC	3.16
AstraZeneca	3.15

Classification of Investments
as at 30 June 2012



Geographical/Sector Spread of Investments
as at 30 June 2012



Investment Manager's Report
for the six months ended 30 June 2012

The Neptune Income Sub-Fund performed strongly in the first six months of 2012, returning 7.22% versus the FTSE All-Share Index's gain of 3.32%. This outperformance saw the Fund ranked in the first quartile of the IMA UK Equity Income sector, where the average return was 4.48%. Importantly, the Sub-Fund is priced at midday whereas the benchmark is priced at the close of the day. The Sub-Fund's price did not therefore benefit from the substantial market rally that occurred in the final afternoon of the period under review, and the performance does not accurately reflect the upside captured by the Sub-Fund after its midday pricing. Since inception in December 2002, the Sub-Fund has returned 135.42%, outperforming the FTSE All-Share Index gain of 113.12% and the peer group average return of 105.42%.*

The year started with optimism following the European Central Bank's (ECB) injection of liquidity under the Long-Term Refinancing Operation (LTRO) mechanism. The market reacted positively to the prospect of higher liquidity in January and February. However, the ECB's actions were not accompanied by reform within the Eurozone, and fears over the solvency of its weaker members – particularly Spain and Greece – saw market volatility return as the year progressed. Weaker US economic data in the second quarter and concerns regarding China's growth also weighed on equity markets.

The Neptune Income Sub-Fund remained overweight in consumer staples to gain exposure to growing emerging market consumer demand and we benefited from positions in global leaders such as Diageo. The Sub-Fund was also overweight in utilities during this volatile period, which was positive for returns. In particular, International Power was acquired by the French utility firm GDF Suez at an attractive price. Dividend increases also helped stocks such as Legal & General deliver strong performance whilst companies, including Johnson Matthey, are starting to return excess cash to shareholders via special dividends.

During the half-year, we sold a European energy company in order to buy Chevron, a US energy company with a more attractive valuation and more profitable assets. This took the Sub-Fund's direct exposure to the euro to zero percent. We also replaced Telenor in order to reduce exposure to the low growth European telecommunications market. In its place we bought Apple, which has higher growth prospects driven by emerging market consumer demand. The Sub-Fund also utilised its entire off-benchmark allocation to seek high yielding, global sector leaders overseas, focusing on US stocks. We have also increased our holding in the industrials sector through the addition of high quality names such as Smiths Group, the engineering conglomerate that benefits from significant pricing power and in turn strong cash generation.

Looking to the remainder of the year, we believe that the Neptune Income Sub-Fund's continued focus on strong, cash-generative companies that are able to reinvest in their businesses for growth, while also delivering growing dividends, will be well rewarded in this volatile low-growth environment.

**Source: Lipper, A Accumulation share class performance, IMA UK Equity Income sector, in sterling with no initial charges, net income reinvested to 30.06.12. 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 and past performance is not a guide to future performance. References to specific securities are for illustration purposes only and should not be taken as a recommendation to buy or sell these securities. Neptune funds are not tied to replicating a benchmark and holdings can therefore vary from those in the index quoted. For this reason the comparison index should be used for reference only. Neptune funds may invest more than 35% in government and public securities in a number of jurisdictions. Forecasts are not a reliable indicator of future performance. Any views expressed are those of Neptune as at the date of issue and we do not undertake to advise you as to any changes in our views.*

Investment Objective and Policy

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

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

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

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

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

Risk Profile

The Sub-Fund has little exposure to credit or cash flow risk. There are no borrowings or unlisted securities of a material nature and so there is little exposure to liquidity risk. The main risks it faces from its financial instruments are market price, foreign currency and interest rate risk. The Manager reviews the policies for managing these risks in order to follow and achieve the Investment Objective as summarised previously.

Fund Facts

Accounting and Distribution Dates

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

Total Expense Ratio (TER)

Share Class	Total Expense Ratio %* as at 30.06.12	Total Expense Ratio %* as at 31.12.11
A Accumulation	2.23	2.36
B Accumulation	1.77	1.87

*The TER shows the annual operating expenses of the Sub-Fund as a percentage of the average net asset value. Operating expenses includes annual management charge and other expenses. Transaction charges are not included. The TER helps you compare the annual operating expenses to different schemes. The TER for all share classes is currently capped to 2.50% by the ACD. This capping may cease at any time.

Summary

Fund Performance

Share Class	Net Asset Value as at 30.06.12 pence per share	Net Asset Value as at 31.12.11 pence per share	Net Asset Value % change
A Accumulation	104.7	101.2	3.46
B Accumulation	107.2	103.5	3.57

Distributions

Share class	Total distribution (p) for the period to 30.06.12	Total distribution (p) for the year to 31.12.11
A Accumulation	—	—
B Accumulation	—	—

Comparative Tables

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

*To 30 June 2012.

Net Asset Value

Date	30.06.12		31.12.11	
Net Asset Value (£)	26,837,690		26,426,765	
Share Class	Number of shares in issue	Net asset value per share (p)	Number of shares in issue	Net asset value per share (p)
A Accumulation	18,619,949	104.7	18,967,222	101.2
B Accumulation	6,852,645	107.2	6,986,752	103.5

Risk Warning

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

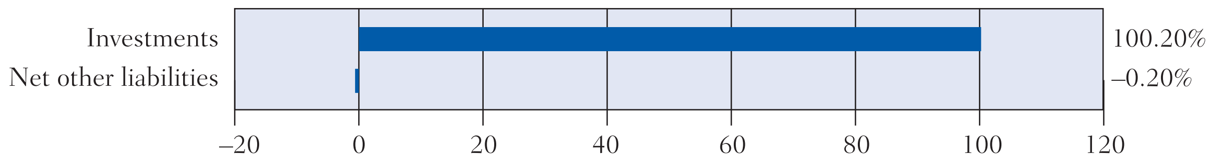
Ten Largest Holdings

as at 30 June 2012

	% of net assets
Infosys Technology	8.18
Housing Development Finance	6.37
ICICI Bank	5.79
Larsen & Toubro	5.23
Reliance Industries	4.94
ITC	4.88
HDFC Bank ADR	4.06
Yes Bank	3.35
Federal Bank	3.05
Hindustan Unilever	2.65

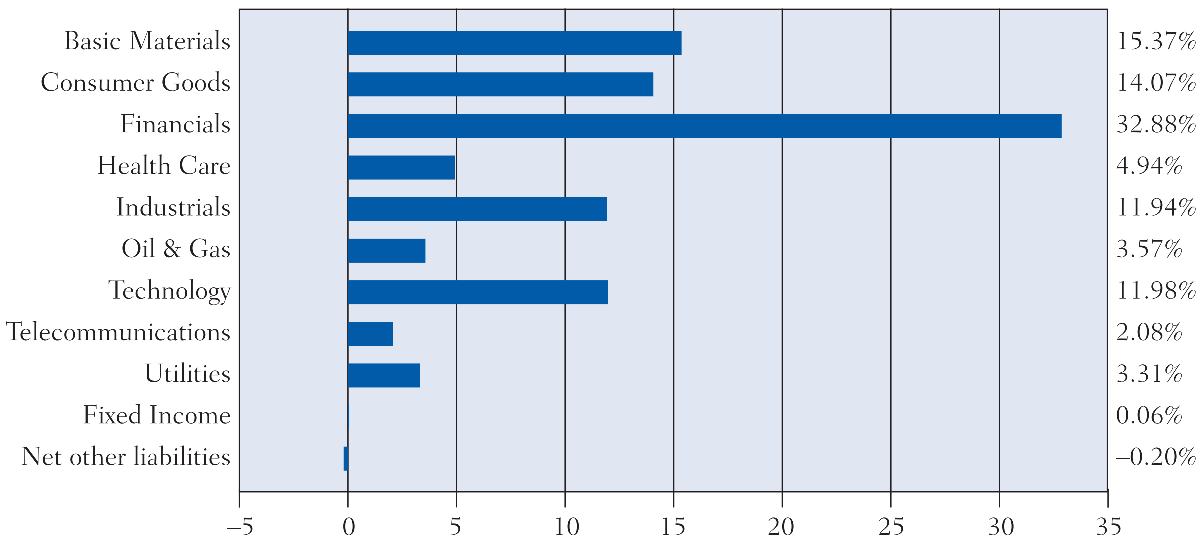
Classification of Investments

as at 30 June 2012



Sector Spread of Investments

as at 30 June 2012



Investment Manager's Report
for the six months ended 30 June 2012

After a bleak 2011, the Indian market rebounded through the first quarter of 2012 and was one of the top performing equity markets globally. The Indian market took its cue from improving global economic data and the series of liquidity injections that emanated from Europe. Capital flows are vitally important for the country given its current account deficit and the market was supported by record flows into cash equities, with foreign investing putting over $9bn into the market. The market therefore rallied strongly, with a number of highly leveraged stocks priced for near bankruptcy benefiting most. Expectations of a programme of monetary easing, political improvements and renewed investor optimism drove the market higher.

However following the strong first quarter rally, the second quarter proved to be a more sobering affair as global concerns reared their heads once more. Uncertainty surrounding the situation in Europe, with Greece teetering on the edge, combined with weak data emanating out of both the US and China, meant that the second quarter was a poor period for risk assets. India, however, performed resiliently. It outperformed both the MSCI World Index and the MSCI Emerging Markets Index in local currency terms, and continued to shrug off disappointing growth and inflation data as investors focused on the longer-term outlook. June in particular was a strong month for the Indian market as hopes for much needed piecemeal reforms were driven by Finance Minister Mukherjee's departure, with Prime Minister Singh now overseeing the ministry.

The Neptune India Sub-Fund returned 12.38% for the first quarter. However we underperformed the MSCI India Index, as the violent appreciation of a number of highly leveraged, lower quality stocks meant that the benchmark returned 16.77%. Over the course of the second quarter, the Sub-Fund fell –8.13% versus a –7.85% drop in the Index. Our sector allocation proved to be effective with our high conviction overweight positions in consumer staples and healthcare contributing to our return. Unfortunately this outperformance was offset by a single stock specific issue in the gas distribution space, which fell substantially following controversial measures enacted by the regulators. For the full six month period, the Sub-Fund returned 3.24% versus the Index's return of 7.61%.*

The Sub-Fund's positioning remained close to that of 2011 for much of the first quarter. However, we added to some of the more economically sensitive sectors through the course of the second quarter. We increased our weightings in industrials, financials, materials and consumer discretionary on account of improving fundamentals, attractive valuations and as the Indian economy begins its recovery. We remain hopeful of an improvement in Government policy, particularly following both the Presidential election on 19 July and the Reserve Bank of India's refusal to bail them out through an ill-advised extended programme of monetary easing. We introduced stocks such as Sterlite, Bhushan Steel and JSPL to increase our materials weighting, whilst moderating our consumer staples position by removing Marico and Nestlé India.

We are optimistic on the Indian market over the next half of the year: the fall in crude oil prices and gold imports should offer support to both the current account and fiscal deficit, whilst a number of sectors are trading at March 2009 troughs. Expectations have moderated substantially and a respectable earnings season could act as a catalyst for further strong performance.

*Source: *Lipper, A Accumulation share class performance, IMA Specialist sector, in sterling with no initial charges, net income reinvested to 30.06.12. 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 and past performance is not a guide to future performance. Investing in emerging markets can involve a higher degree of risk. References to specific securities are for illustration purposes only and should not be taken as a recommendation to buy or sell these securities. Neptune funds are not tied to replicating a benchmark and holdings can therefore vary from those in the index quoted. For this reason the comparison index should be used for reference only. Neptune funds may invest more than 35% in government and public securities in a number of jurisdictions. Forecasts are not a reliable indicator of future performance. Any views expressed are those of Neptune as at the date of issue and we do not undertake to advise you as to any changes in our views.*

Investment Objective and Policy

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

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

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

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

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

Risk Profile

The Sub-Fund has little exposure to credit or cash flow risk. There are no borrowings or unlisted securities of a material nature and so there is little exposure to liquidity risk. The main risks it faces from its financial instruments are market price, foreign currency and interest rate risk. The Manager reviews the policies for managing these risks in order to follow and achieve the Investment Objective as summarised previously.

During the period the ACD entered into derivatives contracts on behalf of the Sub-Fund for Efficient Portfolio Management.

The purposes of Efficient Portfolio Management (EPM) must be to achieve reduction of risk, the reduction of cost, or the generation of additional income or capital with an acceptably low level of risk, and the use of these instruments must not cause the Sub-Fund to stray from its investment objectives.

Any EPM transaction must be economically appropriate and the exposure fully covered. The ACD monitors the use of derivatives to ensure EPM rules are satisfied. At the period end, a sensitivity analysis or value at risk approach is not significant given the level and nature of the derivatives held.

Fund Facts

Accounting and Distribution Dates

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

Total Expense Ratio (TER)

Share Class	Total Expense Ratio %* as at 30.06.12	Total Expense Ratio %* as at 31.12.11
A Accumulation	1.69	1.74
B Accumulation	1.20	1.20
A Accumulation USD	2.50	2.32
B Accumulation USD	2.50	1.32

*The TER shows the annual operating expenses of the Sub-Fund as a percentage of the average net asset value. Operating expenses includes annual management charge and other expenses. Transaction charges are not included. The TER helps you compare the annual operating expenses to different schemes. The TER for all share classes is currently capped to 2.50% by the ACD. This capping may cease at any time.

Summary

Fund Performance

Share Class	Net Asset Value as at 30.06.12 pence per share	Net Asset Value as at 31.12.11 pence per share	Net Asset Value % change
A Accumulation	228.7	218.4	4.72
B Accumulation	236.2	225.0	4.98
A Accumulation USD	57.75	55.37	4.30
B Accumulation USD	59.93	56.94	5.25

Distributions

Share class	Total distribution (p/¢) for the period to 30.06.12	Total distribution (p/¢) for the year to 31.12.11
A Accumulation	0.1192p	—
B Accumulation	0.6973p	1.0627p
A Accumulation USD	—	—
B Accumulation USD	—	0.1848¢

Comparative Tables

Calendar Year	A Accumulation shares		B Accumulation shares	
	Highest buying price (p)	Lowest selling price (p)	Highest buying price (p)	Lowest selling price (p)
2010	315.2	241.6	322.0	247.1
2011	300.9	215.6	308.5	221.9
2012*	260.7	210.1	268.8	216.8

Calendar Year	A Accumulation USD shares		B Accumulation USD shares	
	Highest buying price (¢)	Lowest selling price (¢)	Highest buying price (¢)	Lowest selling price (¢)
2010	124.5	95.31	125.6	96.62
2011	124.2	84.34	126.6	86.72
2012*	105.0	81.34	107.8	83.50

*To 30 June 2012.

Net Asset Value

Date	30.06.12		31.12.11	
Net Asset Value (£)	107,207,374		121,590,002	
Share Class	Number of shares in issue	Net asset value per share (p)	Number of shares in issue	Net asset value per share (p)
A Accumulation	22,698,707	228.7	25,589,522	218.4
B Accumulation	23,132,343	236.2	27,082,238	225.0
A Accumulation USD	1,133,320	57.75	1,290,531	55.37
B Accumulation USD	18,602	59.93	7,133,460	56.94

Risk Warning

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

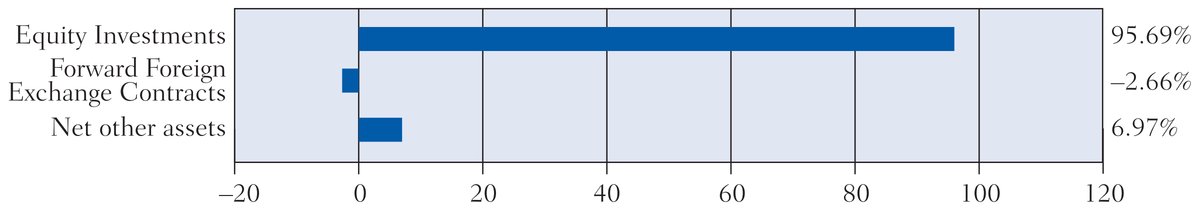
Ten Largest Holdings

as at 30 June 2012

	% of net assets
Toyota Motor	4.76
Mitsui Fudosan	4.26
Mitsubishi Estate	3.96
Kubota	3.53
Asahi Breweries	3.18
Toshiba Plant Systems & Services	3.16
Mitsui	3.06
Daiwa Securities	3.03
Oki Electric Industry	2.84
Toshiba	2.80

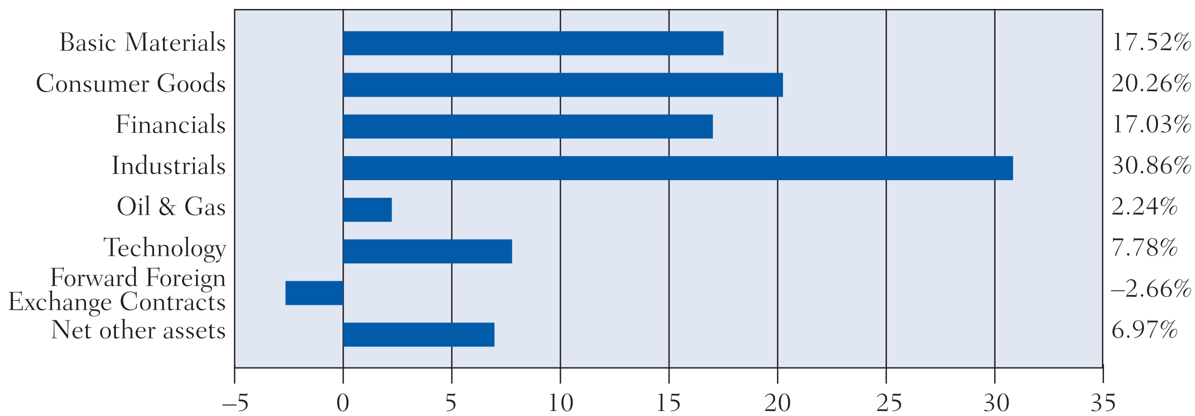
Classification of Investments

as at 30 June 2012



Sector Spread of Investments

as at 30 June 2012



Investment Manager's Report
for the six months ended 30 June 2012

The Neptune Japan Opportunities Sub-Fund had a good opening six months of 2012. The Sub-Fund rose by 4.95% compared to the TOPIX Index's 2.24% gain and the IMA Japan sector average return of 2.59%. This outperformance saw the Sub-Fund ranked 8th out of 54 competitors in the peer group. Most of the Sub-Fund's outperformance came from hedging (offsetting) its yen exposure back into sterling, which appreciated against the yen.

The period under review consisted of two distinct and different halves. Japanese stocks started the year strongly, before being sold-off in line with most other equity markets upon renewed concern regarding a likely global economic slowdown. The latter saw the yen move in the opposite directions: down when the market went up and vice versa.

The first quarter saw the Sub-Fund appreciate by 17.55% terms against the TOPIX Index's 7.81% rise and the average return in the IMA sector of 7.14%. This meant the Sub-Fund was placed 2nd out of the 54 funds in the IMA peer group for the first quarter. The bulk of the Sub-Fund's outperformance came from sterling's roughly 11.15% appreciation versus the yen. A small additional positive contribution came from stock selection due to maintaining an overweight position in firms largely dependent upon overseas sales and profits.

This pattern was completely reversed in the second quarter when the Sub-Fund fell –10.72% compared to the TOPIX Index's –5.16% decline and the average return in the peer group of –4.18%. The majority of the underperformance came from having hedged the yen back into sterling, which dropped by 5.01% over the second quarter. A small negative contribution came from the stock selection and the sterling cash held by the Sub-Fund.

In the first quarter, the TOPIX Index appreciated mainly in response to the prevailing improvement in global stockmarkets as the worst fears of a Eurozone breakup proved unfounded. The yen's weakness during the beginning of the year was directly due to the Bank of Japan's governor Shirakawa's repeated statements regarding their intention to "continue with powerful monetary easing" and not tightening until a Consumer Price Index (CPI) rate of 1% is achieved. This had the effect of reigniting the yen carry trade whereby investors borrow in yen, a low interest currency, to invest elsewhere in the belief that the currency will not appreciate and the profits earned will exceed the cost of carry (the interest rate charged).

By contrast, during the second quarter Japanese stocks fell steadily before bottoming out at the beginning of June. This pattern reflected increased initial investor concerns over the European Union, which abated later on. The yen's strength reflected its status as a 'safe haven' under such circumstances. Meanwhile domestic politics saw a split in the ruling Democratic Party of Japan (DPJ) as a senior member, Ichiro Ozawa, having been cleared of electoral financial irregularities, denounced the current leadership and moved to create another breakaway party, taking with him about 40 members of the party. His excuse was the proposal to increase consumption tax from its current level of 5% to eventually 10% in an effort to stabilise the country's financial situation.

The opposition Liberal Democratic Party (LDP) voted with the DPJ to pass the relevant legislation that will see the tax rise to first 8% by 2014 and then 10% by the end of 2015, but subject to the LDP-imposed rider that this could only occur if policies are put in place which would lead to 3% nominal Gross Domestic Product (GDP) growth and Consumer Price Inflation (CPI) hitting 2%. However, Japan has not enjoyed 3% nominal growth for years and a CPI of 2% would likely double long bond yields, and therefore substantially raise the government's annual budget deficit.

That said, we continue to believe that both fears of a global economic slowdown and the eventual fate of the Eurozone will prove overly pessimistic. Therefore, the Sub-Fund will remain positioned largely as it is, with the focus remaining upon Japan-based global sector leading companies. Similarly, the strategic currency hedge (offsetting position) will remain in place as we see no let up in Japan's already highly negative fiscal situation that appears to be finally being acknowledged by capital market participants.

**Source: Lipper, A Accumulation share class performance, IMA Japan sector, in sterling with no initial charges, net income reinvested to 30.06.12. 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 and past performance is not a guide to future performance. References to specific securities are for illustration purposes only and should not be taken as a recommendation to buy or sell these securities. Neptune funds are not tied to replicating a benchmark and holdings can therefore vary from those in the index quoted. For this reason the comparison index should be used for reference only. Neptune Funds may invest more than 35% in government and public securities in a number of jurisdictions. Forecasts are not a reliable indicator of future performance. Any views expressed are those of Neptune as at the date of issue and we do not undertake to advise you as to any changes in our views.*

Investment Objective and Policy

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

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

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

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

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

Risk Profile

The Sub-Fund has little exposure to credit or cash flow risk. There are no borrowings or unlisted securities of a material nature and so there is little exposure to liquidity risk. The main risks it faces from its financial instruments are market price, foreign currency and interest rate risk. The Manager reviews the policies for managing these risks in order to follow and achieve the Investment Objective as summarised previously.

Fund Facts

Accounting and Distribution Dates

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

Total Expense Ratio (TER)

Share Class	Total Expense Ratio %* as at 30.06.12	Total Expense Ratio %* as at 31.12.11
A Accumulation	2.00	2.09
B Accumulation	1.48	1.57

*The TER shows the annual operating expenses of the Sub-Fund as a percentage of the average net asset value. Operating expenses includes annual management charge and other expenses. Transaction charges are not included. The TER helps you compare the annual operating expenses to different schemes. The TER for all share classes is currently capped to 2.50% by the ACD. This capping may cease at any time.

Summary

Fund Performance

Share Class	Net Asset Value as at 30.06.12 pence per share	Net Asset Value as at 31.12.11 pence per share	Net Asset Value % change
A Accumulation	111.7	102.6	8.87
B Accumulation	114.1	104.3	9.40

Distributions

Share class	Total distribution (p) for the period to 30.06.12	Total distribution (p) for the year to 31.12.11
A Accumulation	1.0651	0.5951
B Accumulation	1.3877	1.2088

Comparative Tables

Calendar Year	A Accumulation shares		B Accumulation shares	
	Highest buying price (p)	Lowest selling price (p)	Highest buying price (p)	Lowest selling price (p)
2010	131.4	100.7	132.9	101.4
2011	131.7	94.11	133.2	95.59
2012*	121.2	103.4	123.3	105.1

*To 30 June 2012.

Net Asset Value

Date	30.06.12		31.12.11	
Net Asset Value (£)	32,589,840		30,695,582	
Share Class	Number of shares in issue	Net asset value per share (p)	Number of shares in issue	Net asset value per share (p)
A Accumulation	16,237,803	111.7	15,694,240	102.6
B Accumulation	12,667,217	114.1	13,987,973	104.3

Risk Warning

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

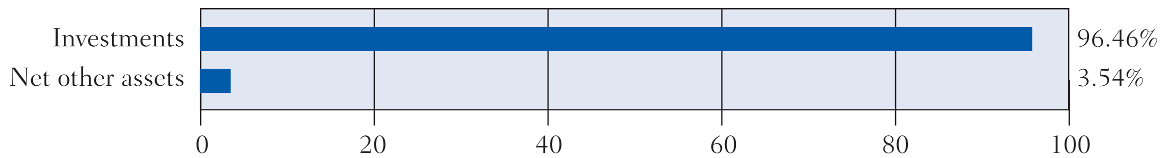
Ten Largest Holdings

as at 30 June 2012

	% of net assets
Vale ADR	5.93
Ecopetrol	4.91
Itau Unibanco PREF ADR	4.03
Cia de Bebidas das Americas PREF	3.87
Grupo Financiero Banorte	3.51
Bancolombia	3.21
Banco Bradesco PREF	3.17
Mexichem	3.16
Alicorp	3.06
Grana y Montero	3.03

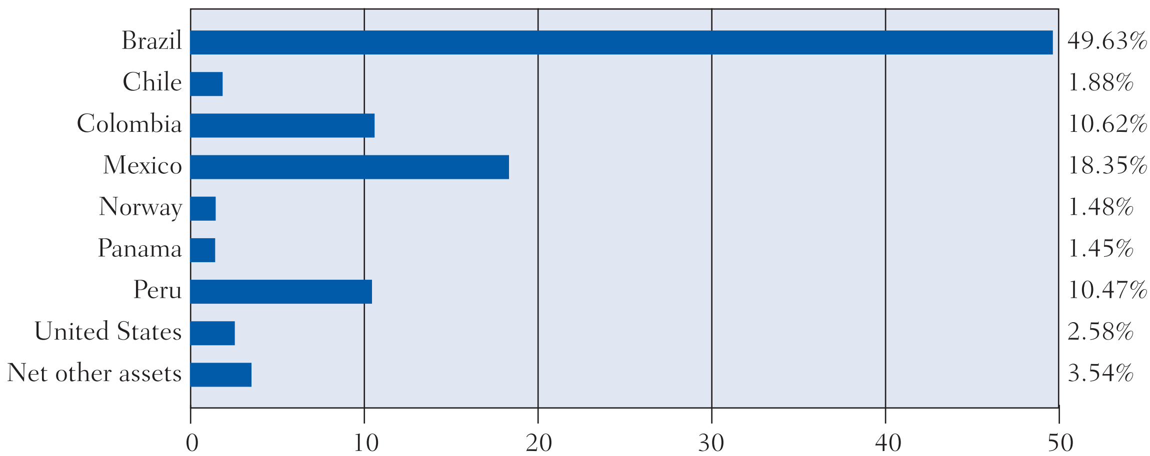
Classification of Investments

as at 30 June 2012



Geographical Spread of Investments

as at 30 June 2012



Investment Manager's Report

for the six months ended 30 June 2012

Latin American markets had their strongest start to the year since 2006, outperforming both emerging markets and developed markets in the first quarter, boosted by synchronised monetary easing and improving global macro data against a backdrop of attractive emerging market valuations. Brazil continued the aggressive rate cutting cycle that began in August last year, accelerating the process with a 0.50% cut in January and a 0.75% cut in March, finally returning to single digit interest rates. These continued into the second quarter, with a further 1.75% of rate cuts. The market was also supported by record flows with foreign investors putting over $6.5bn into Brazil's Bovespa Index in January, the highest level since early 2009.†

However, the journey out of the crises of recent years has been one of frequent stops and starts. The second quarter was one of the 'half step backwards' moments with heightened uncertainty over Greece's commitment to austerity, the start of banking sector restructuring in Spain and weaker economic growth.

The Neptune Latin America Sub-Fund returned 5.22% during the first half of 2012 versus the MSCI EM Latin America Index's decline of –1.26%, making it the best performing Latin America fund out of the 16 competitors that focus on this region in the IMA Specialist sector.* The majority of outperformance was explained by an underweight position in energy and strong overweight positions in the industrials and consumer discretionary sectors. The Sub-Fund has a zero weight position in Petrobras, instead holding Ecopetrol, the Colombian state-owned oil company, mainly due to the high levels of government involvement at Petrobras and the poor operational performance. The consumer discretionary and industrials sectors continue to benefit from the social migration into a rapidly growing middle class and the vast infrastructure spend which is helping to ease some of the bottlenecks that are containing growth.

Mexico had a very strong first half ahead of the Presidential election on 1 July, with strong hopes of reforms in the energy sector to increase levels of private investment. Additionally, with the ongoing European woes, Mexico's close links with the US have proved valuable.

Further supported by a trip to Chile, Peru and Colombia in June, we continue to hold our overweight positions in Peru and Colombia where we are seeing some of the fastest growth in the region and see some of the strongest potential over the coming decade. We continue to see some very exciting investment opportunities across Latin America, with exposure to both the robust growth in the domestic economies and exports to other emerging economies across the world.

**Source: Lipper, A Accumulation share class performance, IMA Specialist sector, in sterling with no initial charges, net income reinvested to 30.06.12. 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 and past performance is not a guide to future performance. Investing in emerging markets can involve a higher degree of risk. 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.*

†Source: Neptune & Bloomberg, June 2012.

Investment Objective and Policy

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

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

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

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

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

Risk Profile

The Sub-Fund has little exposure to credit or cash flow risk. There are no borrowings or unlisted securities of a material nature and so there is little exposure to liquidity risk. The main risks it faces from its financial instruments are market price, foreign currency and interest rate risk. The Manager reviews the policies for managing these risks in order to follow and achieve the Investment Objective as summarised previously.

Fund Facts

Accounting and Distribution Dates

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

Total Expense Ratio (TER)

Share Class	Total Expense Ratio %* as at 30.06.12	Total Expense Ratio %* as at 31.12.11
A Accumulation	1.80	1.85
B Accumulation	1.33	1.34
A Accumulation EUR	1.86	1.87
B Accumulation EUR	1.88	1.72
A Accumulation USD	2.44	1.82
B Accumulation USD	1.82	1.41

*The TER shows the annual operating expenses of the Sub-Fund as a percentage of the average net asset value. Operating expenses includes annual management charge and other expenses. Transaction charges are not included. The TER helps you compare the annual operating expenses to different schemes. The TER for all share classes is currently capped to 2.50% by the ACD. This capping may cease at any time.

Summary

Fund Performance

Share Class	Net Asset Value as at 30.06.12 pence per share	Net Asset Value as at 31.12.11 pence per share	Net Asset Value % change
A Accumulation	280.0	286.6	(2.30)
B Accumulation	290.1	296.3	(2.09)
A Accumulation EUR	106.9	109.5	(2.37)
B Accumulation EUR	106.2	109.4	(2.93)
A Accumulation USD	74.56	76.35	(2.34)
B Accumulation USD	75.79	77.73	(2.50)

Distributions

Share class	Total distribution (p/¢) for the period to 30.06.12	Total distribution (p/¢) for the year to 31.12.11
A Accumulation	—	—
B Accumulation	0.3333p	0.5290p
A Accumulation EUR	—	—
B Accumulation EUR	—	—
A Accumulation USD	—	—
B Accumulation USD	—	0.0953¢

Comparative Tables

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

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

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

*To 30 June 2012.

Summary (continued)

Net Asset Value

Date	30.06.12		31.12.11	
Net Asset Value (£)	383,586,362		409,710,285	
Share Class	Number of shares in issue	Net asset value per share (p)	Number of shares in issue	Net asset value per share (p)
A Accumulation	116,460,407	280.0	115,773,921	286.6
B Accumulation	14,139,868	290.1	18,519,916	296.3
A Accumulation EUR	6,414,839	106.9	6,413,200	109.5
B Accumulation EUR	107,700	106.2	755,947	109.4
A Accumulation USD	11,611,407	74.56	11,893,702	76.35
B Accumulation USD	1,195,924	75.79	7,918,546	77.73

Risk Warning

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

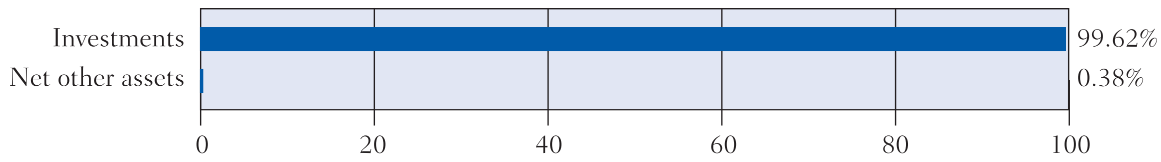
Ten Largest Holdings

as at 30 June 2012

	% of net assets
Rosneft Oil GDR	9.89
Sberbank of Russia ADR	9.61
X5 Retail GDR (US Listed)	9.26
Gazprom ADR	8.61
Uralkali GDR	5.09
Lukoil ADR	5.08
Novatek GDR	4.40
MMC Norilsk Nickel ADR	4.12
VTB Bank GDR	4.09
Polyus Gold ADR	3.86

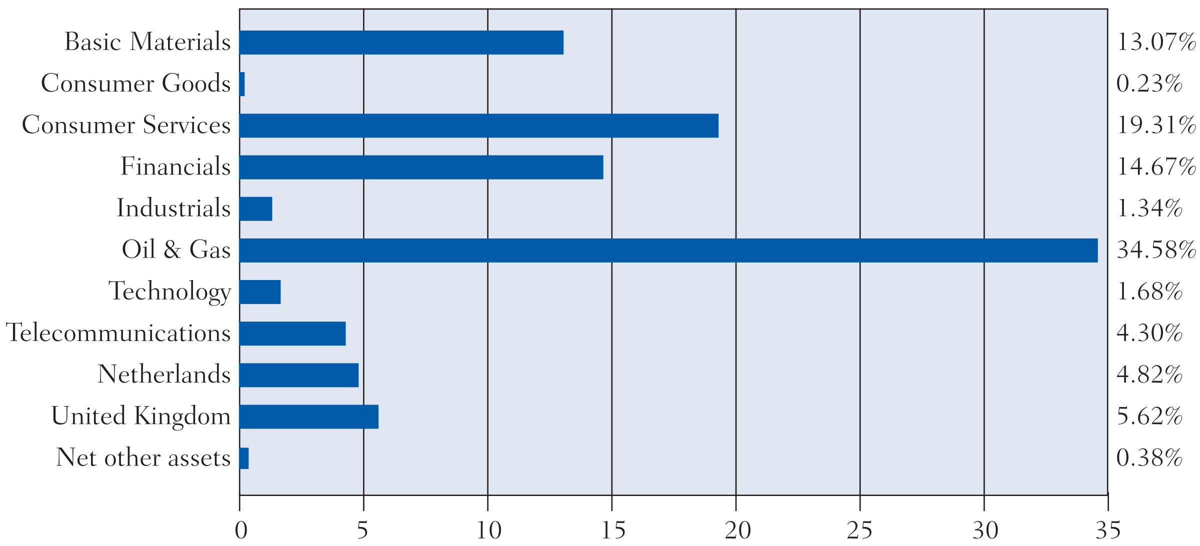
Classification of Investments

as at 30 June 2012



Sector Spread of Investments

as at 30 June 2012



Investment Manager's Report
for the six months ended 30 June 2012

The Neptune Russia & Greater Russia Sub-Fund returned –3.87% during the first half of 2012, versus the MSCI Russia Large Cap Index return of 1.05%. However, as the Sub-Fund is priced at midday, whereas the benchmark is priced at the close of the day, the Sub-Fund's price did not benefit from a substantial market rally that occurred in the final afternoon of the period under review. Therefore, this performance does not accurately reflect the upside captured by the Sub-Fund after its midday pricing. Since inception, the Sub-Fund has significantly outperformed the benchmark, returning 175.60% versus the Index gain of 112.75%.*

In the first quarter of the year, more positive global economic news saw equities rally, particularly in the economically sensitive sectors. In Russia, it was the lower-quality companies most impacted in 2011 that performed best, especially steel companies. We are underweight in such companies, which meant the Sub-Fund lagged the Index at the beginning of the year.

We did, however, see very strong performance from the Sub-Fund's overweight in the telecommunications sector, whilst a number of information technology and financials stocks were also significant contributors. In terms of portfolio activity in the first quarter, we increased our exposure to the energy sector through the addition of Bashneft and Gazprom Neft as we believe there is a strong case for a re-rating of the Russian oil firms as a whole.

After their strong start to the year, equity markets sold off in the second quarter as global economic worries returned to the fore. The key drivers of equity market performance in the second quarter were the declining oil price and worsening global sentiment. The Sub-Fund's strongest performing positions were its long-held overweights in the consumer staples and industrials sectors. Our materials overweight did, however, impact our relative performance as the sector suffered amidst global economic concerns. During this period, we continued to increase our exposure to the oil sector on market weakness, while adding new positions in both the industrials and financials spaces.

The Russian market is currently trading on an earnings multiple of just 4.95, putting it at a 49% discount to the emerging markets average. We consider the scale of this discount to be wholly unjustified and believe that the market has rarely been more attractively priced. The significant growth in dividend payouts that we are seeing provides a strong case for a re-rating, while progress from the government in implementing its policy priorities this autumn could be a strong catalyst for the market. Consequently, we believe that the outlook for the Russian market is very positive and the Neptune Russia & Greater Russia Sub-Fund remains well-positioned to potentially take advantage of this.

**Source: Lipper, A Accumulation share class performance, in sterling with no initial charges, net income reinvested to 30.06.12. 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 and past performance is not a guide to future performance. Investing in emerging markets can involve a higher degree of risk. References to specific securities are for illustration purposes only and should not be taken as a recommendation to buy or sell these securities. Neptune funds are not tied to replicating a benchmark and holdings can therefore vary from those in the index quoted. For this reason the comparison index should be used for reference only. Neptune funds may invest more than 35% in government and public securities in a number of jurisdictions. Forecasts are not a reliable indicator of future performance. Any views expressed are those of Neptune as at the date of issue and we do not undertake to advise you as to any changes in our views.*

Investment Objective and Policy

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

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

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

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

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

Risk Profile

The Sub-Fund has little exposure to credit or cash flow risk. There are no borrowings or unlisted securities of a material nature and so there is little exposure to liquidity risk. The main risks it faces from its financial instruments are market price, foreign currency and interest rate risk. The Manager reviews the policies for managing these risks in order to follow and achieve the Investment Objective as summarised previously.

Fund Facts

Accounting and Distribution Dates

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

Total Expense Ratio (TER)

Share Class	Total Expense Ratio %* as at 30.06.12	Total Expense Ratio %* as at 31.12.11
A Accumulation	2.50	2.50
B Accumulation	1.74	1.87
A Accumulation EUR	2.50	2.50
B Accumulation EUR	2.50	2.50
A Accumulation USD	2.16	2.29
B Accumulation USD	2.50	2.50

*The TER shows the annual operating expenses of the Sub-Fund as a percentage of the average net asset value. Operating expenses includes annual management charge and other expenses. Transaction charges are not included. The TER helps you compare the annual operating expenses to different schemes. The TER for all share classes is currently capped to 2.50% by the ACD. This capping may cease at any time.

Summary

Fund Performance

Share Class	Net Asset Value as at 30.06.12 pence per share	Net Asset Value as at 31.12.11 pence per share	Net Asset Value % change
A Accumulation	86.06	84.03	2.42
B Accumulation	87.32	84.94	2.80
A Accumulation EUR	111.5	109.3	2.01
B Accumulation EUR	117.6	113.4	3.70
A Accumulation USD	83.26	81.16	2.59
B Accumulation USD	87.30	84.10	3.80

Distributions

Share class	Total distribution (p/¢) for the period to 30.06.12	Total distribution (p/¢) for the year to 31.12.11
A Accumulation	0.6593p	—
B Accumulation	1.0060p	—
A Accumulation EUR	1.0566¢	—
B Accumulation EUR	2.9440¢	2.5383¢
A Accumulation USD	1.2256¢	—
B Accumulation USD	2.8263¢	2.4988¢

Comparative Tables

Calendar Year	A Accumulation shares		B Accumulation shares	
	Highest buying price (p)	Lowest selling price (p)	Highest buying price (p)	Lowest selling price (p)
2010	103.9	80.86	104.4	79.55
2011	104.3	76.81	107.4	77.57
2012*	91.34	83.24	92.48	84.41

Calendar Year	A Accumulation EUR shares		B Accumulation EUR shares	
	Highest buying price (¢)	Lowest selling price (¢)	Highest buying price (¢)	Lowest selling price (¢)
2010	157.0	118.7	160.1	118.9
2011	159.2	115.7	162.5	119.2
2012*	143.7	131.6	150.9	137.1

Calendar Year	A Accumulation USD shares		B Accumulation USD shares	
	Highest buying price (¢)	Lowest selling price (¢)	Highest buying price (¢)	Lowest selling price (¢)
2010	162.3	118.1	164.6	117.5
2011	158.1	114.1	160.4	117.7
2012*	140.8	124.4	147.1	130.2

*To 30 June 2012.

Summary (continued)

Net Asset Value

Date	30.06.12		31.12.11	
Net Asset Value (£)	16,445,164		17,144,346	
Share Class	Number of shares in issue	Net asset value per share (p)	Number of shares in issue	Net asset value per share (p)
A Accumulation	1,423,732	86.06	1,489,927	84.03
B Accumulation	4,852,729	87.32	5,182,029	84.94
A Accumulation EUR	57,164	111.5	57,150	109.3
B Accumulation EUR	1,000	117.6	1,000	113.4
A Accumulation USD	13,111,693	83.26	14,077,921	81.16
B Accumulation USD	1,000	87.30	1,000	84.10

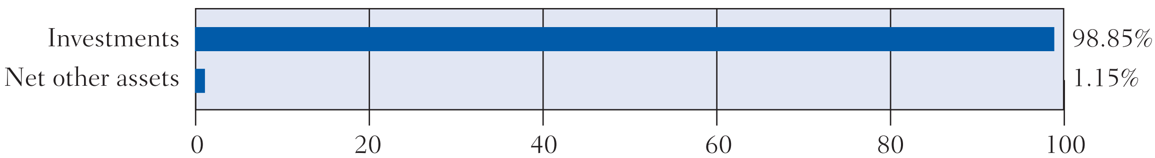
Risk Warning

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

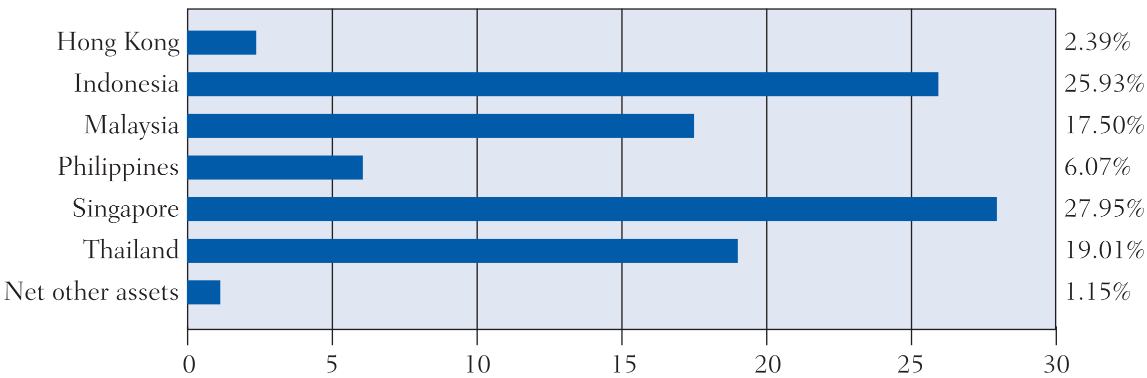
Ten Largest Holdings
as at 30 June 2012

	% of net assets
United Overseas Bank	6.22
Malayan Banking	4.04
Astra International	3.96
PTT	3.65
Bangkok Bank	3.29
DBS	3.18
Keppel	2.89
Siam Cement	2.70
AirAsia	2.55
Charoen Pokphand Foods	2.54

Classification of Investments
as at 30 June 2012



Geographical Spread of Investments
as at 30 June 2012



Investment Manager's Report

for the six months ended 30 June 2012

The Neptune South East Asia Sub-Fund returned 2.49% in the six months to the end of June 2012, versus the MSCI South East Asia Index gain of 8.01%.* Importantly, halfway through the period under review, the Sub-Fund's objective and benchmark was changed and therefore performance needs to be taken in this context. On 31 March 2012, the Neptune Asia Pacific Opportunities Sub-Fund's investment remit was narrowed from the wider Asia Pacific excluding Japan region, to focus only on those markets in the South East Asia region. To reflect its new investment objective, the Sub-Fund's name was changed to the Neptune South East Asia Fund.

The Sub-Fund aims to benefit from what is, in our opinion, one of the most compelling growth stories in the world, driven by demand from within South East Asia. We believe the potential of South East Asia is underestimated by investors, underrepresented in benchmarks and under-owned in portfolios. Strategically, the Sub-Fund focuses on two central themes: the region's positive population profile, and the acceleration of investment in infrastructure. Tactically, of course, we believe that the Sub-Fund will be able to profit from many attractive investment opportunities across the region.

The change in remit resulted in a large shift in asset allocation by geography at the end of the first quarter. We exited positions in Australia, China, India, Taiwan and Korea, and traded into positions in Singapore, Malaysia, Indonesia, Thailand and the Philippines. On a sector basis, we maintained our most significant overweights in industrials, consumer discretionary and energy, and underweights in telecommunications and consumer staples.

Since the Sub-Fund's change of remit, global equity markets have been extremely volatile, and South East Asian markets have been no exception. The MSCI South East Asia Index finished the second quarter down a disappointing –2.36%. Encouragingly, however, the region continued to outperform the wider Asia Pacific and emerging markets benchmarks. South East Asian equities were led down by economically-sensitive sectors most vulnerable to deteriorating global growth expectations. As such, materials and energy underperformed. Relative, and in some instances absolute, strength was to be found in those sectors offering quality earnings growth or yield.

On a country basis Malaysia, with its low foreign ownership and supportive domestic institutional investor base, outperformed despite significant political uncertainly in the run-up to its 13th general election. Thailand and Indonesia underperformed as might be expected in such a 'risk-off' environment, though this should be seen in the context of their outstanding performance in previous quarters. We remain positioned to take advantage of the strong outlook for the region and with significant underweights in telecommunications and Malaysia, was not well positioned for a falling market. That said, our focus on quality names at reasonable valuations served us well, and our underperformance was modest.

Following its initial changes, portfolio activity for the rest of the second quarter was fairly subdued. We took profits in stocks and sectors where absolute and relative valuations were, in our opinion, beginning to look stretched. In general, this meant increasing exposure to the more economically sensitive areas of the market at the expense of the more defensive sectors. We sold, for example, our position in Homepro, the Thai DIY store, and reinvested the proceeds into ITMG, the Indonesian coal producer which trades on a very attractive valuation earnings and yields nearly 10%.

**Source: Lipper, A Accumulation share class performance, in sterling with no initial charges, net income reinvested to 30.06.12. 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 and past performance is not a guide to future performance. Investing in emerging markets can involve a higher degree of risk. References to specific securities are for illustration purposes only and should not be taken as a recommendation to buy or sell these securities. Neptune funds are not tied to replicating a benchmark and holdings can therefore vary from those in the index quoted. For this reason the comparison index should be used for reference only. Neptune funds may invest more than 35% in government and public securities in a number of jurisdictions. Forecasts are not a reliable indicator of future performance. Any views expressed are those of Neptune as at the date of issue and we do not undertake to advise you as to any changes in our views.*

Investment Objective and Policy

The investment objective of the Neptune UK Alpha Fund is to generate capital growth by investing in a concentrated portfolio of between 30 and 40 assets predominantly issued by companies incorporated in the United Kingdom or companies incorporated overseas that derive a significant proportion of their profits or turnover from the United Kingdom, with a view to attaining consistent top quartile performance within the appropriate peer group.

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

It is anticipated that derivatives 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 Profile

The Sub-Fund has little exposure to credit or cash flow risk. There are no borrowings or unlisted securities of a material nature and so there is little exposure to liquidity risk. The main risks it faces from its financial instruments are market price, foreign currency and interest rate risk. The Manager reviews the policies for managing these risks in order to follow and achieve the Investment Objective as summarised previously.

Fund Facts

Accounting and Distribution Dates

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

Total Expense Ratio (TER)

Share Class	Total Expense Ratio %* as at 30.06.12	Total Expense Ratio %* as at 31.12.11
A Accumulation	2.50	2.50
B Accumulation	2.50	2.50

*The TER shows the annual operating expenses of the Sub-Fund as a percentage of the average net asset value. Operating expenses includes annual management charge and other expenses. Transaction charges are not included. The TER helps you compare the annual operating expenses to different schemes. The TER for all share classes is currently capped to 2.50% by the ACD. This capping may cease at any time.

Summary

Fund Performance

Share Class	Net Asset Value as at 30.06.12 pence per share	Net Asset Value as at 31.12.11 pence per share	Net Asset Value % change
A Accumulation	118.1	112.7	4.79
B Accumulation	118.3	112.8	4.88

Distributions

Share class	Total distribution (p) for the period to 30.06.12	Total distribution (p) for the year to 31.12.11
A Accumulation	0.4320	0.9446
B Accumulation	0.4332	1.0518

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†	120.5	97.97	120.4	97.97
2011	123.0	101.1	123.0	101.2
2012*	125.7	113.6	125.9	113.7

†Launched 30 June 2010.
*To 30 June 2012.

Net Asset Value

Date	30.06.12		31.12.11	
Net Asset Value (£)	885,267		836,863	
Share Class	Number of shares in issue	Net asset value per share (p)	Number of shares in issue	Net asset value per share (p)
A Accumulation	10,120	118.1	10,120	112.7
B Accumulation	738,500	118.3	731,600	112.8

Risk Warning

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

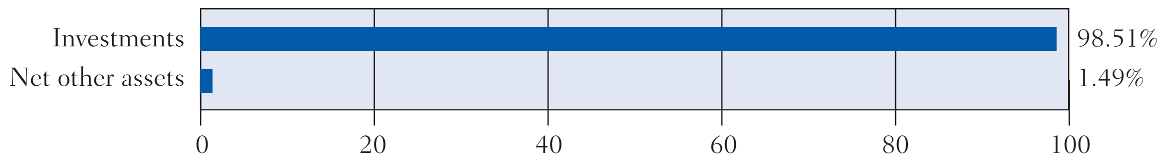
Ten Largest Holdings

as at 30 June 2012

	% of net assets
HSBC	5.39
Royal Dutch Shell 'B'	3.77
Filtrona	3.51
Unilever	3.15
Sage	3.13
Halma	3.11
GlaxoSmithKline	3.11
BT	3.10
Rolls Royce	3.10
Rexam	3.09

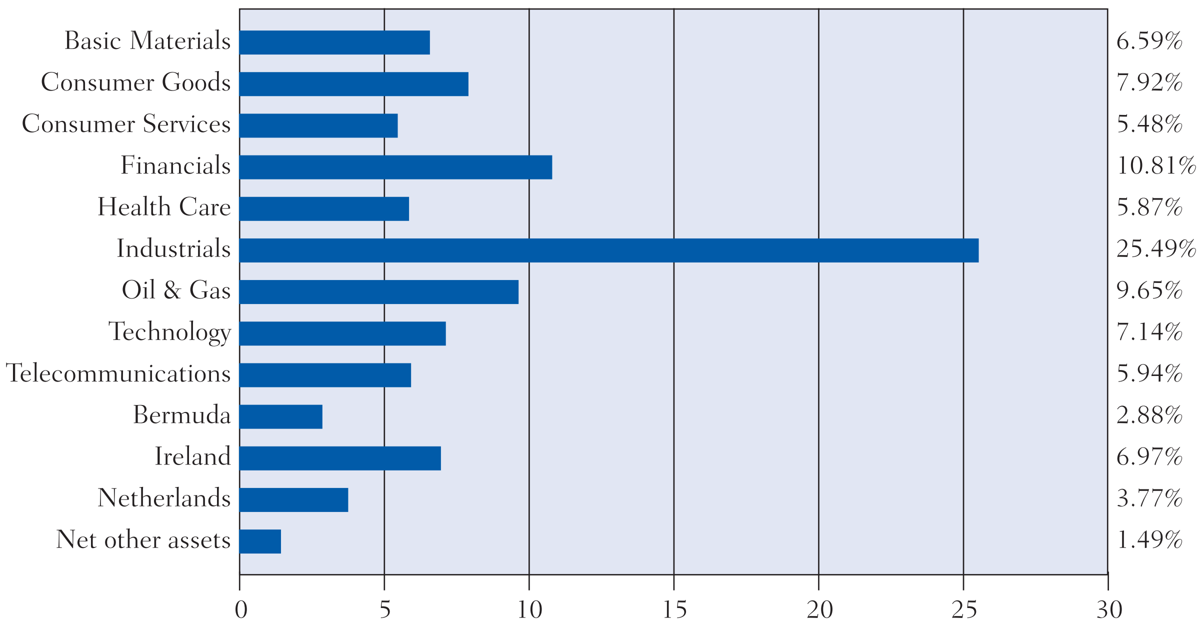
Classification of Investments

as at 30 June 2012



Sector/Geographical Spread of Investments

as at 30 June 2012



Investment Manager's Report

for the six months ended 30 June 2012

The FTSE All-Share Index remained volatile throughout the first half of 2012, but made progress, gaining 3.32% in the six months to the end of June. The European debt crisis has been a constant headwind and caused large gyrations in sentiment and risk appetite. Politicians continue to wrangle over a solution to the crisis and have yet to come to a coherent agreement. Chinese growth has softened but, in contrast to the West, there is significant scope for policy loosening. The market is very sensitive as to how the growth path will be managed given the importance of China within the global economy.

The Neptune UK Alpha Sub-Fund returned 4.62% in the period under review. By comparison, the FTSE All-Share Index returned 3.32% and the IMA UK All Companies average gain was 4.07%. The Sub-Fund's outperformance saw it ranked in the second quartile of the peer group for the first half of 2012.*

Stock selection was a key driver of performance, with notable contributions from the industrials sector such as Rexam, the beverage cans producer, Halma, the health and safety technology group, and QinetiQ, the defence technology company. The Sub-Fund increased its exposure to the industrials sector during the half year, with the addition of QinetiQ and Mitie, the outsourcer.

Technology companies also made good progress in the second quarter. The standout performer in the portfolio was Spirent, the telecommunications testing specialist, which delivered impressive results, reflecting its attractive exposure to the structural growth in investment in data connectivity. Exposure to the sector was increased with the addition of specialty chemicals company, AZ Electronic Materials, and translation software and services company, SDL.

Concerns over rampant cost and capital expenditure inflation weighed heavily on the mining sector during the half year, and this was exacerbated by the weakening Chinese growth picture. The Sub-Fund sold its position in Rio Tinto at the beginning of the year to reflect our own concerns over these issues. However, stock selection within the broader materials sector was a key contributor to performance with Filtrona, the specialty fibre and plastic products manufacturer, being the most notable gainer.

Looking to the remainder of 2012, attractive valuation of equities and a stabilised, albeit still fragile, economic backdrop combined with rebuilt corporate balance sheets suggests that the pickup in merger and acquisition activity seen thus far is likely to continue. The UK boasts a large number of unique, global companies that could be potential targets. An increased return of cash to shareholders either through buybacks or dividends is also probable from companies unable to spend their excess cash. The global economy looks delicate but we believe it is still in recovery and corporate earnings should continue to grow. As such, stockpicking will be a key driver of performance. The Sub-Fund will remain positioned in high quality, market leading companies and will seek out the sectors that are best positioned for growth and attractively priced.

**Source: Lipper, A Accumulation share class performance, IMA UK All Companies sector, in sterling with no initial charges, net income reinvested to 30.06.12. 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 and past performance is not a guide to future performance. References to specific securities are for illustration purposes only and should not be taken as a recommendation to buy or sell these securities. Neptune funds are not tied to replicating a benchmark and holdings can therefore vary from those in the index quoted. For this reason the comparison index should be used for reference only. Neptune Funds may invest more than 35% in government and public securities in a number of jurisdictions. Forecasts are not a reliable indicator of future performance. Any views expressed are those of Neptune as at the date of issue and we do not undertake to advise you as to any changes in our views.*

Investment Objective and Policy

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

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

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

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

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

Risk Profile

The Sub-Fund has little exposure to credit or cash flow risk. There are no borrowings or unlisted securities of a material nature and so there is little exposure to liquidity risk. The main risks it faces from its financial instruments are market price, foreign currency and interest rate risk. The Manager reviews the policies for managing these risks in order to follow and achieve the Investment Objective as summarised previously.

Fund Facts

Accounting and Distribution Dates

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

Total Expense Ratio (TER)

Share Class	Total Expense Ratio %* as at 30.06.12	Total Expense Ratio %* as at 31.12.11
A Accumulation	1.81	1.91
B Accumulation	1.63	1.66

*The TER shows the annual operating expenses of the Sub-Fund as a percentage of the average net asset value. Operating expenses includes annual management charge and other expenses. Transaction charges are not included. The TER helps you compare the annual operating expenses to different schemes. The TER for all share classes is currently capped to 2.50% by the ACD. This capping may cease at any time.

Summary

Fund Performance

Share Class	Net Asset Value as at 30.06.12 pence per share	Net Asset Value as at 31.12.11 pence per share	Net Asset Value % change
A Accumulation	160.8	155.3	3.54
B Accumulation	168.2	162.4	3.57

Distributions

Share class	Total distribution (p) for the period to 30.06.12	Total distribution (p) for the year to 31.12.11
A Accumulation	1.3138	1.5647
B Accumulation	1.5280	2.0909

Comparative Tables

Calendar Year	A Accumulation shares		B Accumulation shares	
	Highest buying price (p)	Lowest selling price (p)	Highest buying price (p)	Lowest selling price (p)
2010	172.4	138.8	179.8	144.4
2011	176.4	142.5	184.2	148.9
2012*	172.8	152.9	180.7	159.9

*To 30 June 2012.

Net Asset Value

Date	30.06.12		31.12.11	
Net Asset Value (£)	23,414,688		25,345,194	
Share Class	Number of shares in issue	Net asset value per share (p)	Number of shares in issue	Net asset value per share (p)
A Accumulation	13,550,101	160.8	15,265,719	155.3
B Accumulation	967,047	168.2	1,005,583	162.4

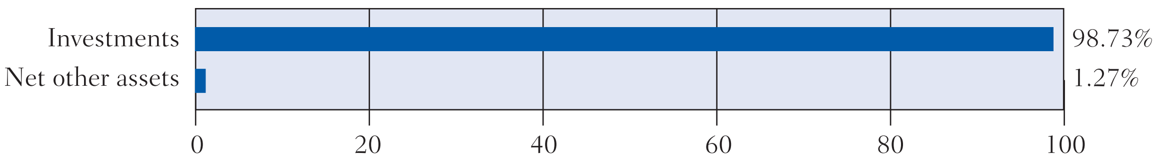
Risk Warning

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

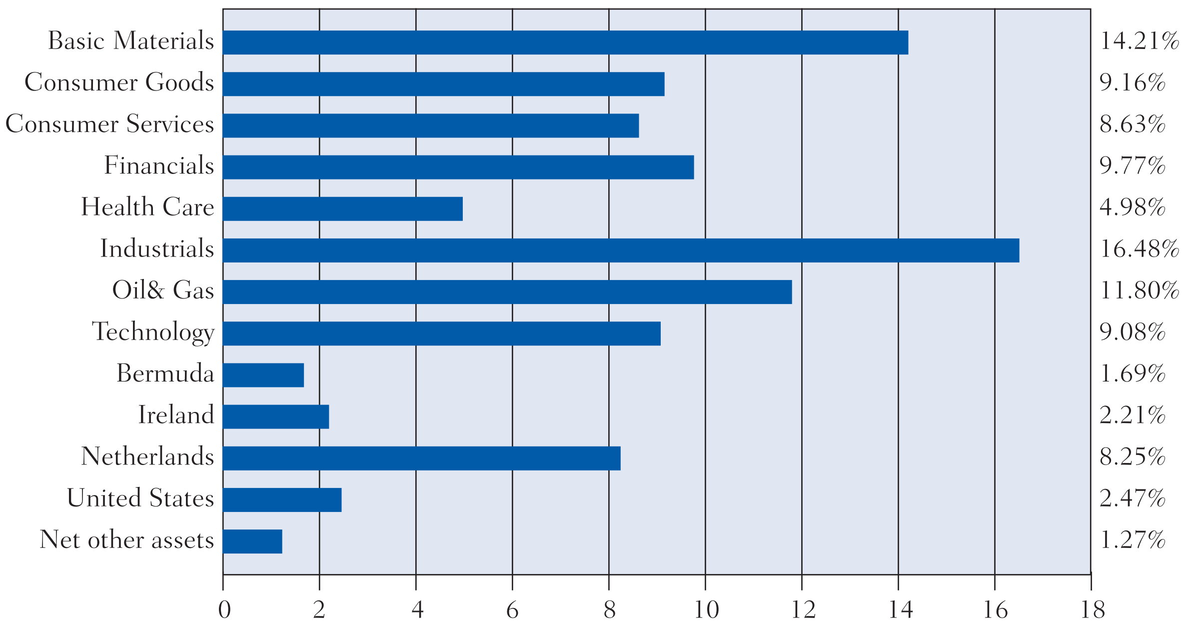
Ten Largest Holdings
as at 30 June 2012

	% of net assets
Royal Dutch Shell	8.25
Vodafone	5.13
HSBC	4.55
GlaxoSmithKline	4.45
BHP Billiton	3.93
Reckitt Benckiser	3.59
BG	3.50
Rio Tinto	3.09
Croda	2.71
BP	2.70

Classification of Investments
as at 30 June 2012



Sector/Geographical Spread of Investments
as at 30 June 2012



Investment Manager's Report

for the six months ended 30 June 2012

The Neptune UK Equity Fund returned 3.55% in the six months to the end of June 2012, compared with FTSE All-Share Index return of 3.32% and the IMA UK All Companies sector average return of 4.07%.* The year started strongly, with the FTSE rising 7% in January and February. However the market then gave back its gains in March, before declining around 10% in May only to rebound again in June. The lack of direction that we saw in the market in 2010 and 2011 has continued in 2012. The underlying causes are risk aversion and uncertainty, resulting in low trading volumes. The prime cause of this is the European sovereign crisis, where risk aversion is causing high bond spreads for risky assets, which perpetuates the crisis. We believe calm markets are necessary for a market recovery in these trading conditions.

The key concern in the first half of 2012 has been earnings. We cited an earnings contraction as the key fear going into 2012 and earnings releases for the FTSE All-Share Index in the first quarter were down about 5% year-on-year. This was a mild cause for concern, but results released in the second quarter were up 16% from the previous quarter, and 18% year-on-year. Current trailing earnings are only 3% off their all-time high, so the evidence is currently that we are not in the midst of a second earnings recession. There is naturally a word of caution on the data aggregation within this analysis. Indeed, if we look at the FTSE 100 Index, we see earnings releases in the first quarter were relatively resilient, but by June earnings had fallen 23% from their peak, and going into July were 13% down year-on-year. Unless we see an earnings recovery in the next month (to replicate the one we observed in July 2011), then we will draw the conclusion that FTSE 100 earnings have contracted 10-15%. This is not the magnitude we would consider truly concerning, but the trend is currently flat to down. From these results we would expect smaller companies to outperform, and indeed the FTSE 250 has outperformed the FTSE 100 by approximately 6.5% year-to-date.†

Within the Sub-Fund, we have slightly increased our weighting in energy over the last six months in response to the sector underperforming. We have reduced our financials exposure, taking our position further underweight. We have increased our healthcare position from an underweight to a neutral position, and increased our industrials position to an overweight. We have also taken a small amount off our positions in materials, telecommunications and utilities. The best performing sector was utilities, followed by financials and consumer discretionary. The worst performing sectors were information technology, materials and energy.

Our best performing stocks for the first half were Diageo, Rolls Royce, Filtrona, Vodafone, and Betfair. This contrasts with underperformance from Blinkx, Kenmare, Shanks, Rio, Anglos and ICAP. We benefited from the acquisitions of International Power and Aegis (pending). New additions to the Sub-Fund during the period included Tesco, BP, Genus, Gem Diamonds, Rexam, Glaxo, Qinetiq, Ashtead, Mitie, CRH, and Filtrona.

Our current position is that the extreme equity risk aversion in stockmarkets is resulting in abnormal valuation multiples. As risk aversion normalises, multiples will expand and the market should rise substantially. As such, we are positioned in stocks and sectors we believe will benefit from this normalisation.

**Source: Lipper, A Accumulation share class performance, IMA UK All Companies sector, in sterling with no initial charges, net income reinvested to 30.06.12. 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 and past performance is not a guide to future performance. References to specific securities are for illustration purposes only and should not be taken as a recommendation to buy or sell these securities. 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.*

†Source: Neptune & Bloomberg, June 2012.

Investment Objective and Policy

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

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

It is anticipated that derivatives 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 Profile

The Sub-Fund has little exposure to credit or cash flow risk. There are no borrowings or unlisted securities of a material nature and so there is little exposure to liquidity risk. The main risks it faces from its financial instruments are market price, foreign currency and interest rate risk. The Manager reviews the policies for managing these risks in order to follow and achieve the Investment Objective as summarised previously.

Fund Facts

Accounting and Distribution Dates

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

Total Expense Ratio (TER)

Share Class	Total Expense Ratio %* as at 30.06.12	Total Expense Ratio %* as at 31.12.11
A Income	2.00	2.50
A Accumulation	2.00	2.50
B Income	2.00	2.50
B Accumulation	2.00	2.50

*The TER shows the annual operating expenses of the Sub-Fund as a percentage of the average net asset value. Operating expenses includes annual management charge and other expenses. Transaction charges are not included. The TER helps you compare the annual operating expenses to different schemes. The TER for all share classes is currently capped to 2.00% by the ACD. Prior to 1 January 2012 the TER was capped at 2.50%. This capping may cease at any time.

Summary

Fund Performance

Share Class	Net Asset Value as at 30.06.12 pence per share	Net Asset Value as at 31.12.11 pence per share	Net Asset Value % change
A Income	101.4	99.14	2.28
A Accumulation	109.6	104.5	4.88
B Income	103.8	100.6	3.18
B Accumulation	107.7	102.4	5.18

Distributions

Share class	Total distribution (p) for the period to 30.06.12	Total distribution (p) for the year to 31.12.11
A Income	2.4612	5.1012
A Accumulation	2.5963	7.4607
B Income	2.5292	4.8480
B Accumulation	2.5462	4.8998

Comparative Tables

Calendar Year	A Income shares		A Accumulation shares	
	Highest buying price (p)	Lowest selling price (p)	Highest buying price (p)	Lowest selling price (p)
2010†	105.2	99.46	106.3	99.46
2011	108.1	94.16	110.5	97.39
2012*	105.9	99.53	111.9	105.1

Calendar Year	B Income shares		B Accumulation shares	
	Highest buying price (p)	Lowest selling price (p)	Highest buying price (p)	Lowest selling price (p)
2010†	106.3	99.46	104.8	99.20
2011	108.8	94.95	108.2	95.41
2012*	108.4	101.5	109.9	103.2

†Launched 30 September 2010.
*To 30 June 2012.

Summary (continued)

Net Asset Value

Date	30.06.12		31.12.11	
Net Asset Value (£)	1,419,110		1,110,965	
Share Class	Number of shares in issue	Net asset value per share (p)	Number of shares in issue	Net asset value per share (p)
A Income	39,606	101.4	30,162	99.14
A Accumulation	34,510	109.6	8,922	104.5
B Income	331,000	103.8	1,000	100.6
B Accumulation	926,360	107.7	1,045,800	102.4

Risk Warning

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

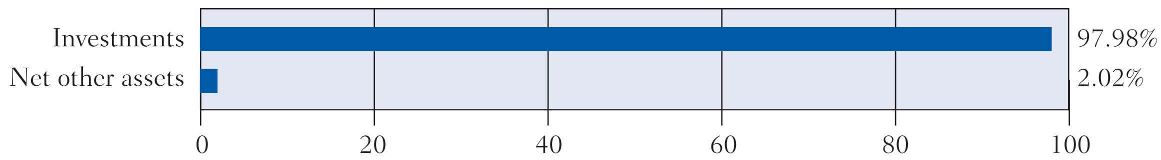
Ten Largest Holdings

as at 30 June 2012

	% of net assets
Anglo American Capital 6.875% 01/05/2018	4.14
BP Capital Markets 4.00% 29/12/2014	3.74
Tesco 5.00% 24/02/2014	3.72
Gaxprom 6.58% 31/10/2013	3.68
Astrazeneca	2.21
UBM	2.18
Vodafone	2.15
Greene King	2.13
Chevron	2.13
Unilever	2.12

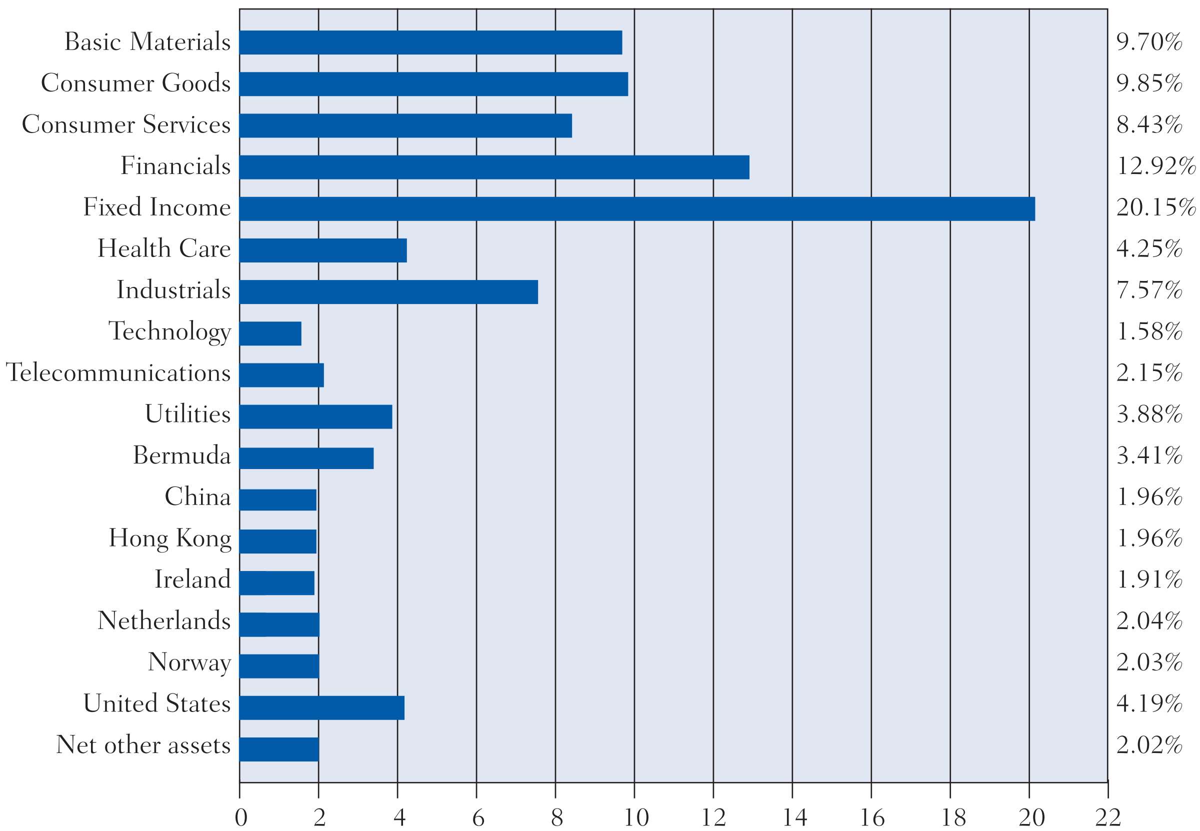
Classification of Investments

as at 30 June 2012



Geographical/Sector Spread of Investments

as at 30 June 2012



Investment Manager's Report

for the six months ended 30 June 2012

The Neptune UK Higher Income Sub-Fund delivered a strong return of 4.79% for the first half of 2012, outperforming the IMA UK Equity & Bond Income sector average return of 3.49%. This performance saw the Sub-Fund ranked 7th out of 20 competitors.*

The year started with optimism following the European Central Bank's (ECB) injection of liquidity under the LTRO (Long-Term Refinancing Operation) mechanism. The market reacted positively to the prospect of higher liquidity in January and February. However, the ECB's actions were not accompanied by reform within the Eurozone, and fears again rose over the solvency of its weaker members, which drove market volatility. The election of the pro-austerity candidate in Greece, combined with a bail-out for Spanish banks, allowed governments to continue to delay reform in the Eurozone. However, weakening US economic data and concerns regarding China's growth, also weighed on markets globally.

Neptune remains of the view that there will be a recovery in global growth driven by the US and emerging markets, and the Neptune UK Higher Income Sub-Fund is positioned to potentially benefit from this. In the first half of 2012, some of our best performers were economically sensitive companies, such as Halma, UBM and Johnson Matthey. We remain overweight in industrials and materials in order to benefit from a recovery in growth and to capitalise on attractive valuations. Another notable performer was International Power, which was acquired by the French utility GDF Suez at an attractive price. We also benefited from positions in global sector leaders, such as Diageo.

The extra liquidity at the start of the year saw financials outperform. We remain underweight in financials due to concern regarding the banking sector's level of sustainable return on equity. We do, however, see value in two small companies – Close Brothers and Intermediate Capital – both of which contributed significantly to performance. The Sub-Fund's performance was also held back by a couple of integrated energy companies. Corporate bonds continued to outperform in the first half, boosted by expectations of further quantitative easing. While the Sub-Fund's longer dated bonds performed well, our low overall fixed income weighting of 20% and bias towards short-dated bonds held performance back.

During the period, we reduced our direct exposure to the euro to zero percent. We also sold BT as it reached its target price, and reinvested the cash into PetroChina. We have fully utilized our off-benchmark allocation to seek exposure to global sector leading companies. We have also increased our industrials weighting through the addition of high quality stocks, such as Smiths Group, Balfour Beatty and CRH. We believe that a continued focus on strong, cash-generative companies which are able to reinvest in their businesses for growth, while also delivering growing dividends, look well placed to outperform in this volatile low-growth environment.

**Source: Lipper, A Accumulation share class performance, IMA UK Equity & Bond Income sector, in sterling with no initial charges, net income reinvested to 30.06.12. 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 and past performance is not a guide to future performance. References to specific securities are for illustration purposes only and should not be taken as a recommendation to buy or sell these securities. 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 UK Mid Cap Fund

Investment Objective and Policy

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

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

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

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

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

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

Risk Profile

The Sub-Fund has little exposure to credit or cash flow risk. There are no borrowings or unlisted securities of a material nature and so there is little exposure to liquidity risk. The main risks it faces from its financial instruments are market price, foreign currency and interest rate risk. The Manager reviews the policies for managing these risks in order to follow and achieve the Investment Objective as summarised previously.

Fund Facts

Accounting and Distribution Dates

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

Total Expense Ratio (TER)

Share Class	Total Expense Ratio %* as at 30.06.12	Total Expense Ratio %* as at 31.12.11
A Accumulation	2.00	2.50
B Accumulation	1.63	2.50

*The TER shows the annual operating expenses of the Sub-Fund as a percentage of the average net asset value. Operating expenses includes annual management charge and other expenses. Transaction charges are not included. The TER helps you compare the annual operating expenses to different schemes. The TER for all share classes is currently capped to 2.00% by the ACD. Prior to 1 January 2012 the TER was capped at 2.50%. This capping may cease at any time.

Summary

Fund Performance

Share Class	Net Asset Value as at 30.06.12 pence per share	Net Asset Value as at 31.12.11 pence per share	Net Asset Value % change
A Accumulation	221.1	184.0	20.16
B Accumulation	222.9	185.3	20.29

Distributions

Share class	Total distribution (p) for the period to 30.06.12	Total distribution (p) for the year to 31.12.11
A Accumulation	1.6528	0.9503
B Accumulation	1.9125	0.9363

Comparative Tables

Calendar Year	A Accumulation shares		B Accumulation shares	
	Highest buying price (p)	Lowest selling price (p)	Highest buying price (p)	Lowest selling price (p)
2010	178.5	142.7	179.6	143.5
2011	194.6	167.7	195.9	168.9
2012*	220.9	185.9	222.7	187.2

*To 30 June 2012.

Net Asset Value

Date	30.06.12		31.12.11	
Net Asset Value (£)	9,895,598		2,749,445	
Share Class	Number of shares in issue	Net asset value per share (p)	Number of shares in issue	Net asset value per share (p)
A Accumulation	2,082,179	221.1	524,457	184.0
B Accumulation	2,374,095	222.9	963,120	185.3

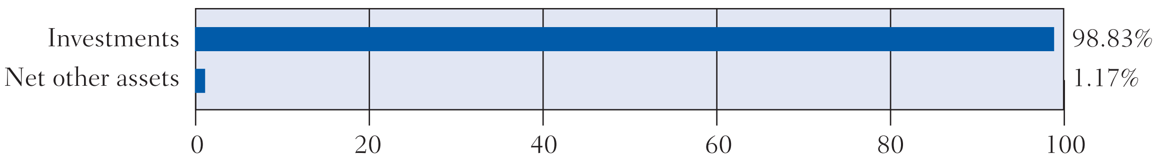
Risk Warning

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

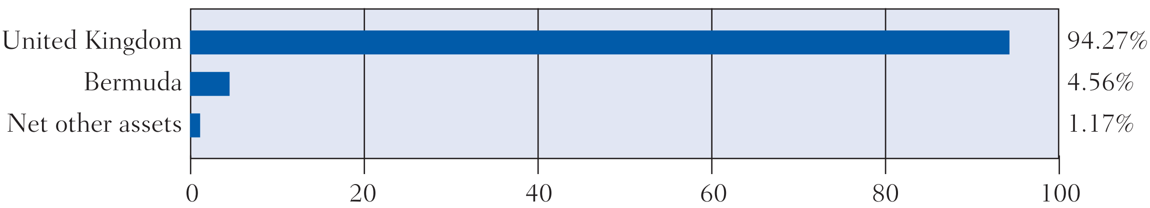
Ten Largest Holdings
as at 30 June 2012

	% of net assets
Dechra Pharmaceuticals	9.04
Synergy Health	6.38
Mears	6.10
Jardine Lloyd Tohmpson	5.44
Interserve	5.04
Micro Focus International	4.77
Dignity	4.44
De La Rue	4.09
Redrow	3.83
Catlin	3.57

Classification of Investments
as at 30 June 2012



Geographical Spread of Investments
as at 30 June 2012



Investment Manager's Report
for the six months ended 30 June 2012

The Neptune UK Mid Cap Sub-Fund returned 19.66% over the first half of 2012. By comparison, the FTSE All-Share and FTSE-250 indices returned 3.32% and 9.93% respectively, while the IMA UK All Companies sector average gain was 4.07%. This performance ranked the Sub-Fund 1st out of 290 competitors during the half year.*

So far 2012 has been another volatile year for global stockmarkets, with few obvious trends and significant economic uncertainty. Central bank stimulus has continued to be a key theme – and support – for global stockmarkets. Pressures in the Eurozone heightened over the period despite aggressive monetary policy. Structural reform is necessary within Europe and this has not yet been in evidence. Fortunately to counterbalance this, at least partially, inflationary pressures have reduced significantly around the world – which lowers the bar for further economic stimulus in China, amongst other countries. It remains our expectation that interest rates in the UK will remain at ultra-low levels in the near future, which should be beneficial for risk assets such as equities. However a solution to the Eurozone debt situation – which will not be easy – is clearly a very high priority for policymakers and the market. Whilst this topic continues to rattle the markets, it is encouraging from a sentiment perspective that the dangers of the situation are widely appreciated and much commented upon.

Banks and general financial stocks continued to underperform over the period and the Sub-Fund continues to underweight this area of the market. Whilst deep value areas of the market look increasingly attractive, it is not necessary to expose oneself to the regulatory risks of investment banks and other general financial stocks in order to access this deep value. The manipulation of Libor by Barclays, disclosed at the end of the half year, highlighted the opaque risks of investing in the sector.

Strong performing sectors in the UK market over the half-year included chemicals, beverages and housebuilders. This broad cross-section of defensive (beverages) and economically sensitive (chemicals/housebuilders) sector outperformance reflects the uncertainty in the market regarding the economic recovery. Stock selection within sectors became noticeably more important over the period. The Sub-Fund maintained an overweight position in housebuilders which contributed to strong performance, as did stock selection within the healthcare sector, in which an overweight was also maintained.

The Neptune UK Mid Cap Sub-Fund is heavily invested in sectors and companies with strong cash flows and sustainable long-term growth dynamics which are not reliant on government support. Corporate (as opposed to sovereign) health continues to be strong and the prospects for high quality, cash-generative corporates are, in our view, encouraging – especially in light of the low returns available on cash alternatives.

**Source: Lipper, A Accumulation share class performance, IMA UK All Companies sector, in sterling with no initial charges, net income reinvested to 30.06.12. 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 and past performance is not a guide to future performance. References to specific securities are for illustration purposes only and should not be taken as a recommendation to buy or sell these securities. Neptune funds are not tied to replicating a benchmark and holdings can therefore vary from those in the index quoted. For this reason the comparison index should be used for reference only. Neptune Funds may invest more than 35% in government and public securities in a number of jurisdictions. Forecasts are not a reliable indicator of future performance. Any views expressed are those of Neptune as at the date of issue and we do not undertake to advise you as to any changes in our views.*

Investment Objective and Policy

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

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

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

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

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

Risk Profile

The Sub-Fund has little exposure to credit or cash flow risk. There are no borrowings or unlisted securities of a material nature and so there is little exposure to liquidity risk. The main risks it faces from its financial instruments are market price, foreign currency and interest rate risk. The Manager reviews the policies for managing these risks in order to follow and achieve the Investment Objective as summarised previously.

Fund Facts

Accounting and Distribution Dates

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

Total Expense Ratio (TER)

Share Class	Total Expense Ratio %* as at 30.06.12	Total Expense Ratio %* as at 31.12.11
A Accumulation	2.00	2.00
B Accumulation	1.62	1.70

*The TER shows the annual operating expenses of the Sub-Fund as a percentage of the average net asset value. Operating expenses includes annual management charge and other expenses. Transaction charges are not included. The TER helps you compare the annual operating expenses to different schemes. The TER for all share classes is currently capped to 2.00% by the ACD. This capping may cease at any time.

Summary

Fund Performance

Share Class	Net Asset Value as at 30.06.12 pence per share	Net Asset Value as at 31.12.11 pence per share	Net Asset Value % change
A Accumulation	122.6	113.3	8.20
B Accumulation	123.3	113.8	8.35

Distributions

Share class	Total distribution (p) for the period to 30.06.12	Total distribution (p) for the year to 31.12.11
A Accumulation	0.7754	1.2159
B Accumulation	1.0089	1.5520

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	120.2	94.96	120.2	94.84
2011	126.0	103.1	126.2	103.4
2012*	128.4	114.7	129.0	115.1

*To 30 June 2012.

Net Asset Value

Date	30.06.12		31.12.11	
Net Asset Value (£)	8,735,387		8,127,551	
Share Class	Number of shares in issue	Net asset value per share (p)	Number of shares in issue	Net asset value per share (p)
A Accumulation	2,440,995	122.6	2,435,853	113.3
B Accumulation	4,658,871	123.3	4,718,768	113.8

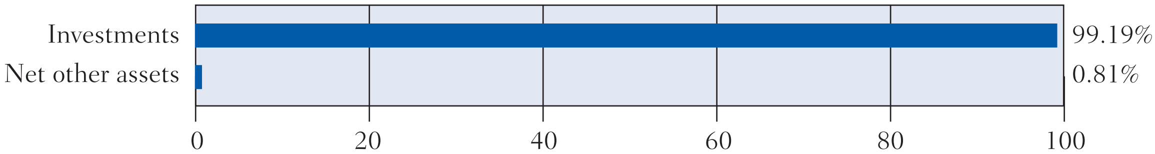
Risk Warning

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

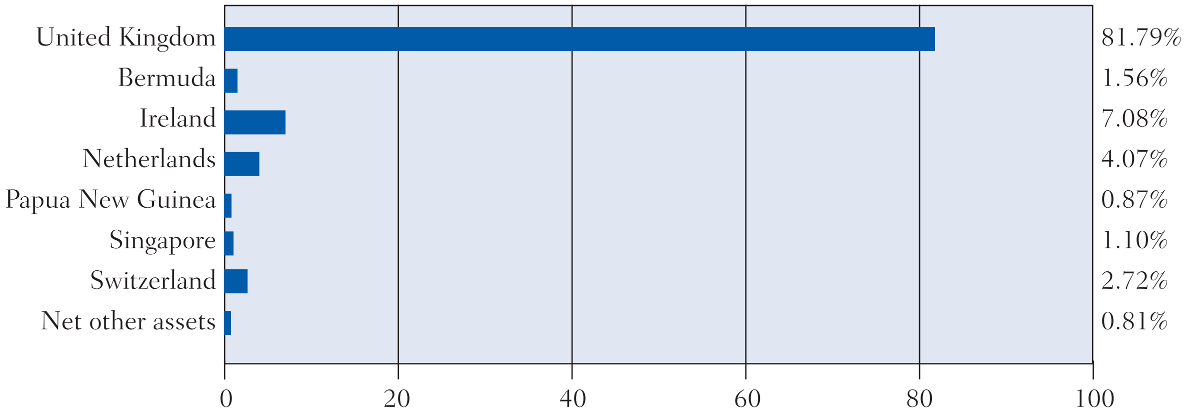
Ten Largest Holdings
as at 30 June 2012

	% of net assets
HSBC	5.27
GlaxoSmithKline	4.47
Royal Dutch Shell 'B'	4.07
Unilever	3.68
BG	3.12
Filtrona	3.01
BTG	2.80
Rexam	2.79
De La Rue	2.78
Vodafone	2.77

Classification of Investments
as at 30 June 2012



Geographical Spread of Investments
as at 30 June 2012



Investment Manager's Report
for the six months ended 30 June 2012

Markets began 2012 on a positive note, with the liquidity support supplied by the European Central Bank stabilising the financial sector and reducing the tail risk of disorderly defaults in Europe. Although this led to a strong first quarter rally, attention soon reverted back to the fragile nature of the global economic recovery. The ongoing Eurozone crisis and China slowdown all led to heightened risk aversion in the second quarter. Despite these headwinds, the FTSE All-Share Index's performance was resilient albeit volatile.

Over the period under review, the Neptune UK Special Situations Sub-Fund returned 8.04%, outperforming both the FTSE All-Share Index and the IMA UK All Companies peer group average, which returned 3.32% and 4.07% respectively. This outperformance placed the Sub-Fund firmly in the 1st quartile of the peer group over this period. The Sub-Fund remains in the 1st quartile of the peer group since launch in December 2006.*

Strong stock selection was the main factor behind outperformance, with notable contributions from Spirent (a leader in communications test and measurement), BTG (a specialist healthcare company), Filtrona (a specialist plastic, fibre and foam products supplier) and Booker (a food wholesaler).

In terms of portfolio activity, we increased our healthcare weighting through the addition of Consort Medical and Synergy Health. The healthcare sector is set to benefit from three key long-term demographic trends: global population ageing, global population growth and rising incomes in the developing world. We believe these two stocks provide good exposure to these trends.

Secondly, we reduced exposure to banks through the sale of Standard Chartered and Barclays. Modest profits were booked in both stocks. With continued economic weakness expected for some time in the UK and Europe, combined with an uncertain regulatory backdrop, it is likely that the domestic banks will continue to present investors with a poor risk/reward profile.

Finally, the Sub-Fund increased its position in the energy sector through the addition of BP and James Fisher. BP is trading at a significant valuation discount to its peer group, and with a new management team our view is that a lot of bad news is priced-in and any kind of resolution to either the US litigation or TNK-BP uncertainty would result in this valuation discount closing. James Fisher is one of the UK's leading marine service companies. They provide niche technical services to the marine, offshore oil and nuclear industry. Trading on an attractive valuation multiple, and with the ability to leverage their UK marine service skills internationally, James Fisher has significant unrecognised growth potential in our view.

Although the outlook for the UK economy remains lackluster, it is worth noting that the UK stockmarket is home to many world champion global companies with strong long-term growth prospects. Furthermore, UK equities continue to trade at attractive absolute and relative valuations, especially when corporate balance sheet strength is taken into consideration. The portfolio remains well balanced, with a particular focus on high quality, well financed international companies. As such, the Sub-Fund maintains overweight positions in the industrials, healthcare, IT & media sectors.

**Source: Lipper, A Accumulation share class performance, IMA UK All Companies sector, in sterling with no initial charges, net income reinvested to 30.06.12. 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 and past performance is not a guide to future performance. References to specific securities are for illustration purposes only and should not be taken as a recommendation to buy or sell these securities. 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 US Income Fund is to generate rising levels of income with the potential of capital growth by investing predominantly in a portfolio of North American securities, which may include Canada as well as the USA or overseas companies that derive a significant proportion of their profits or turnover from the USA and/or Canada, with a view to attaining consistent top quartile performance within the appropriate peer group.

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

It is anticipated that derivatives 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 Profile

The Sub-Fund has little exposure to credit or cash flow risk. There are no borrowings or unlisted securities of a material nature and so there is little exposure to liquidity risk. The main risks it faces from its financial instruments are market price, foreign currency and interest rate risk. The Manager reviews the policies for managing these risks in order to follow and achieve the Investment Objective as summarised previously.

Fund Facts

Accounting and Distribution Dates

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

Total Expense Ratio (TER)

Share Class	Total Expense Ratio %* as at 30.06.12	Total Expense Ratio %* as at 31.12.11
A Income	2.00	2.00
A Accumulation	2.00	2.00
B Income	2.00	2.00
B Accumulation	2.00	2.00

*The TER shows the annual operating expenses of the Sub-Fund as a percentage of the average net asset value. Operating expenses includes annual management charge and other expenses. Transaction charges are not included. The TER helps you compare the annual operating expenses to different schemes. The TER for all share classes is currently capped to 2.00% by the ACD. This capping may cease at any time.

Summary

Fund Performance

Share Class	Net Asset Value as at 30.06.12 pence per share	Net Asset Value as at 31.12.11 pence per share	Net Asset Value % change
A Income	113.7	108.2	5.08
A Accumulation	121.3	115.4	5.11
B Income	114.7	110.5	3.80
B Accumulation	117.3	111.5	5.20

Distributions

Share class	Total distribution (p) for the period to 30.06.12	Total distribution (p) for the year to 31.12.11
A Income	1.8925	3.9704
A Accumulation	2.0356	4.2254
B Income	1.9872	4.0980
B Accumulation	2.0231	3.9419

Comparative Tables

Calendar Year	A Income shares		A Accumulation shares	
	Highest buying price (p)	Lowest selling price (p)	Highest buying price (p)	Lowest selling price (p)
2010†	110.5	99.16	111.4	99.16
2011	111.4	91.02	117.6	96.07
2012*	116.2	108.5	123.2	115.0

Calendar Year	B Income shares		B Accumulation shares	
	Highest buying price (p)	Lowest selling price (p)	Highest buying price (p)	Lowest selling price (p)
2010†	111.4	99.17	109.7	99.13
2011	114.0	93.18	114.1	93.00
2012*	118.4	110.2	119.2	111.3

†Launched 30 September 2010.
*To 30 June 2012.

Summary (continued)

Net Asset Value

Date	30.06.12		31.12.11	
Net Asset Value (£)	6,144,992		3,423,752	
Share Class	Number of shares in issue	Net asset value per share (p)	Number of shares in issue	Net asset value per share (p)
A Income	457,038	113.7	14,083	108.2
A Accumulation	828,157	121.3	49,648	115.4
B Income	1,453,514	114.7	1,000	110.5
B Accumulation	2,518,300	117.3	3,003,800	111.5

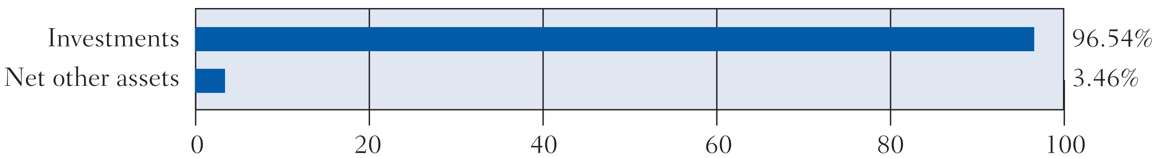
Risk Warning

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

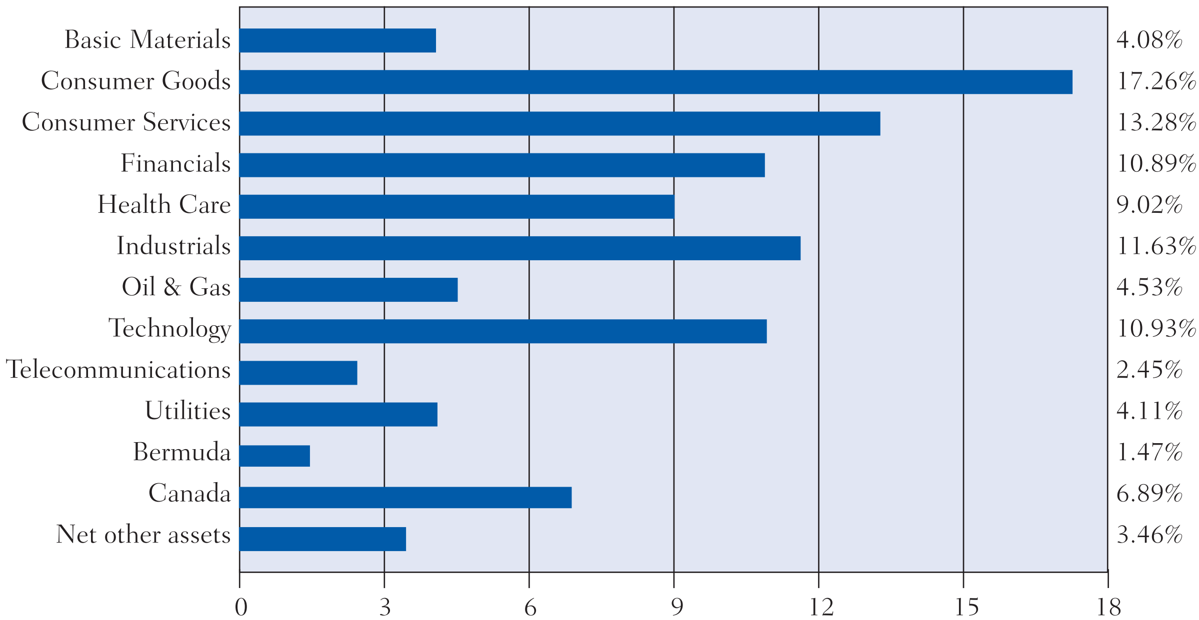
Ten Largest Holdings
as at 30 June 2012

	% of net assets
Philip Morris	2.65
Centurylink	2.45
Union Pacific	2.45
Altria	2.43
Telus	2.42
American Eagle Outfitters	2.37
Hatteras Financial	2.36
Merck	2.35
Allstate	2.34
Microsoft	2.33

Classification of Investments
as at 30 June 2012



Geographical/Sector Spread of Investments
as at 30 June 2012



Investment Manager's Report

for the six months ended 30 June 2012

US equity markets posted their strongest start to a year for 14 years in 2012. Markets were driven higher by a number of factors, including the stabilisation in the Eurozone thanks to 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, automobiles and retail, improved indicating the strength of the US economy.

However in the second quarter, 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 (EU) leaders announced a packet of measures designed to increase liquidity. Therefore the S&P 500 Index rallied to finish the first half of 2012 with a total return of 8.49%, significantly ahead of most other global equity markets.*

Against this market backdrop, the Neptune US Income Sub-Fund delivered a total return of 2.15%, slightly behind the S&P High Yield Dividend Aristocrats Index return of 4.13%. The Sub-Fund's underperformance relative to the S&P 500 Index can be attributed to the strength of the market's rally at the very start of the year and the sector rotation away from higher yielding, defensive sectors. However during the rest of the first half, we benefited from positions in the more defensive areas of the market, including consumer staples and utilities. Furthermore our focus on high quality companies with resilient earnings streams and strong balance sheets also contributed to strong performance. New positions during the period included McCormick, a manufacturer of food flavouring products and MDC Holdings, a homebuilder.

US companies have also continued to return an increasing amount of cash to shareholders in 2012 so far. Dividend cash payments have increased by over 14% over the last year to reach a record dividend payout in aggregate dollars. In particular, Apple's dividend initiation follows recent increases from other large technology companies, including Microsoft, IBM and Intel, and indicates how companies from a broader range of sectors in the US market are increasingly willing to pay dividends.

Although there are still a number of headwinds facing global equity markets, including the Eurozone crisis, the US Presidential elections and the fragility of the global economy, we believe that the US market should be relatively strong. Equity valuations remain at attractive levels and the recent sharp decline in gasoline prices will provide a welcome relief to the US consumer. The Sub-Fund remains focused on high quality companies with robust earnings growth and which also have the ability to consistently increase their dividend.

**Source: Lipper, A Accumulation share class performance, IMA North America sector, in sterling with no initial charges, net income reinvested to 30.06.12. 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 and past performance is not a guide to future performance. References to specific securities are for illustration purposes only and should not be taken as a recommendation to buy or sell these securities. 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 US Opportunities Fund is to generate capital growth by investing predominantly in a concentrated portfolio of Northern American securities which may include Canada as well as the US, with a view to achieving top quartile performance within the appropriate peer group.

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

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

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

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

Risk Profile

The Sub-Fund has little exposure to credit or cash flow risk. There are no borrowings or unlisted securities of a material nature and so there is little exposure to liquidity risk. The main risks it faces from its financial instruments are market price, foreign currency and interest rate risk. The Manager reviews the policies for managing these risks in order to follow and achieve the Investment Objective as summarised previously.

Fund Facts

Accounting and Distribution Dates

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

Total Expense Ratio (TER)

Share Class	Total Expense Ratio %* as at 30.06.12	Total Expense Ratio %* as at 31.12.11
A Accumulation	1.66	1.68
B Accumulation	1.16	1.20
A Accumulation EUR	2.03	1.99
B Accumulation EUR	1.90	1.16
A Accumulation USD	1.17	1.98
B Accumulation USD	1.37	1.22

*The TER shows the annual operating expenses of the Sub-Fund as a percentage of the average net asset value. Operating expenses includes annual management charge and other expenses. Transaction charges are not included. The TER helps you compare the annual operating expenses to different schemes. The TER for all share classes is currently capped to 2.50% by the ACD. This capping may cease at any time.

Neptune US Opportunities Fund

Summary

Fund Performance

Share Class	Net Asset Value as at 30.06.12 pence per share	Net Asset Value as at 31.12.11 pence per share	Net Asset Value % change
A Accumulation	215.1	201.5	6.75
B Accumulation	224.1	209.5	6.97
A Accumulation EUR	105.6	99.10	6.56
B Accumulation EUR	108.6	101.5	7.00
A Accumulation USD	79.10	74.21	6.59
B Accumulation USD	80.82	75.60	6.90

Distributions

Share class	Total distribution (p/¢) for the period to 30.06.12	Total distribution (p/¢) for the year to 31.12.11
A Accumulation	—	—
B Accumulation	—	—
A Accumulation EUR	—	—
B Accumulation EUR	—	0.1691¢
A Accumulation USD	—	—
B Accumulation USD	—	—

Comparative Tables

Calendar Year	A Accumulation shares		B Accumulation shares	
	Highest buying price (p)	Lowest selling price (p)	Highest buying price (p)	Lowest selling price (p)
2010	226.5	183.2	234.5	188.9
2011	228.4	171.1	236.4	177.6
2012*	225.7	200.7	235.0	208.7

Calendar Year	A Accumulation EUR shares		B Accumulation EUR shares	
	Highest buying price (¢)	Lowest selling price (¢)	Highest buying price (¢)	Lowest selling price (¢)
2010	131.3	104.3	133.3	104.9
2011	134.7	96.57	136.8	98.56
2012*	133.8	118.1	137.3	120.9

Calendar Year	A Accumulation USD shares		B Accumulation USD shares	
	Highest buying price (¢)	Lowest selling price (¢)	Highest buying price (¢)	Lowest selling price (¢)
2010	129.4	103.5	130.8	104.3
2011	135.8	103.3	137.4	105.0
2012*	131.9	115.4	134.5	117.6

*To 30 June 2012.

Summary (continued)

Net Asset Value

Date	30.06.12		31.12.11	
Net Asset Value (£)	420,479,698		486,209,592	
Share Class	Number of shares in issue	Net asset value per share (p)	Number of shares in issue	Net asset value per share (p)
A Accumulation	155,921,056	215.1	190,090,136	201.5
B Accumulation	17,647,719	224.1	22,108,891	209.5
A Accumulation EUR	1,490,627	105.6	1,635,219	99.10
B Accumulation EUR	36,104,230	108.6	48,691,280	101.5
A Accumulation USD	3,309,232	79.10	1,816,252	74.21
B Accumulation USD	2,662,286	80.82	6,058,832	75.60

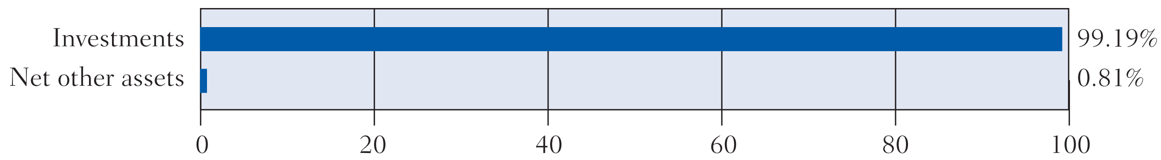
Risk Warning

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

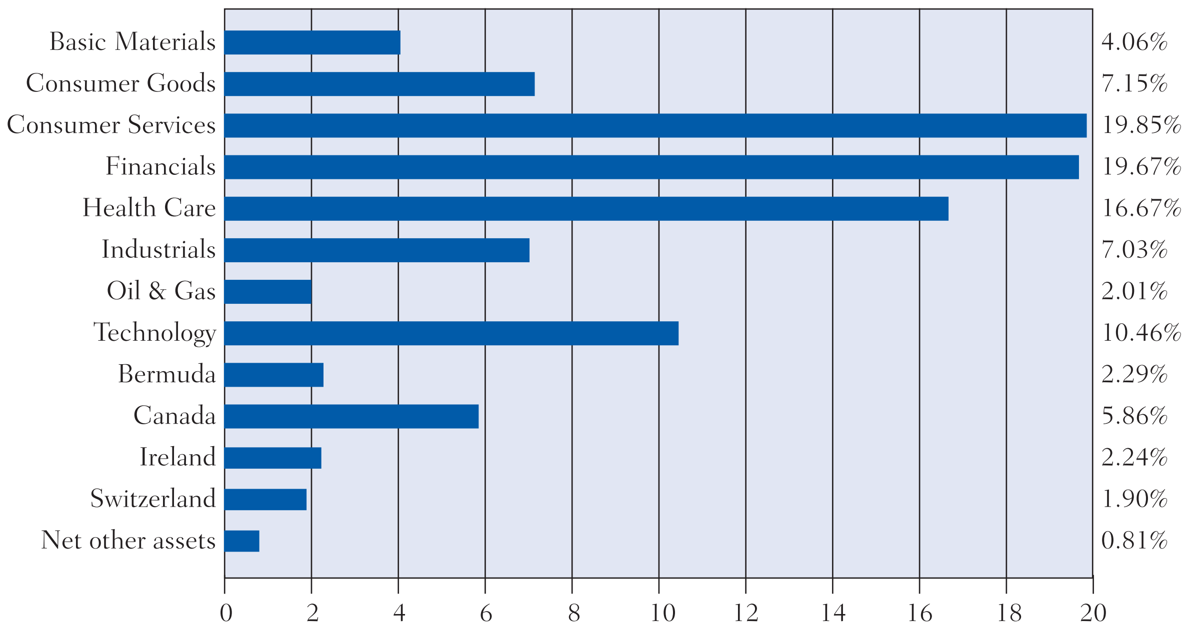
Ten Largest Holdings
as at 30 June 2012

	% of net assets
Apple	4.91
Discover Financial Services	4.02
Alexion Pharmaceuticals	3.58
Gibson Energy	3.10
Enbridge	2.76
Mastercard	2.62
Teradata	2.62
Monster Beverage	2.59
Capital One Financial	2.57
Whole Foods Market	2.57

Classification of Investments
as at 30 June 2012



Geographical/Sector Spread of Investments
as at 30 June 2012



Investment Manager's Report

for the six months ended 30 June 2012

US equity markets posted their strongest start to a year for 14 years in 2012. Markets were driven higher by a number of factors, including the stabilisation in the Eurozone thanks to 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, automobiles and retail, improved indicating the strength of the US economy.

However in the second quarter, 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 (EU) leaders announced a packet of measures designed to increase liquidity. Therefore the S&P 500 Index rallied to finish the first half of 2012 with a total return of 8.49%, significantly ahead of most other global equity markets.*

Against this market backdrop, the Neptune US Opportunities Sub-Fund delivered a return of 2.90%. This underperformance relative to the benchmark was part a result of the Sub-Fund failing to keep up with market at the very start of the year. During the rest of the period, we rotated the portfolio away from some of the economically sensitive sectors such as information technology and financials, and moved into high growth and high quality companies that we believed will be able to deliver consistently strong earnings, even if the economic outlook deteriorated. This included new positions in EBay, the online trading website, and in TripAdvisor, an online travel research company. Furthermore, holdings in companies that are levered to US housing, including Lennar, a US homebuilder, and Sherwin-Williams, a paints manufacturer, also worked well during the first half of 2012.

Although there are still a number of headwinds facing global equity markets, including the Eurozone crisis, the US Presidential elections and the fragility of the global economy, we believe that the US market should be relatively strong. Equity valuations remain at attractive levels and the recent sharp decline in gasoline prices will provide a welcome relief to the US consumer. Furthermore, as central banks globally continue to cut interest rates, the extra liquidity provided should also help to support equity markets. Therefore although the Sub-Fund remains focused on high growth and high quality companies, we have also added some more exposure to economically sensitive sectors, such as areas such as energy and financials.

**Source: Lipper, A Accumulation share class performance, IMA North America sector, in sterling with no initial charges, net income reinvested to 30.06.12. 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 and past performance is not a guide to future performance. References to specific securities are for illustration purposes only and should not be taken as a recommendation to buy or sell these securities. 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 30 June 2012 and has been distributed to shareholders, where applicable, on 31 August 2012.

Report and Accounts

This document is a short report for the six months ended 30 June 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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Head Office:
3 Shortlands, London W6 8DA

(Authorised and regulated by the Financial Services Authority)

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Alexander Catto
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Robert Warner
Patrick Berton
Richard Green
Robert Pickering

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(Authorised and regulated by the Financial Services Authority)

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Administrator and Registrar

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PO Box 9004, Chelmsford CM99 2WR

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