



# NEPTUNE INVESTMENT FUNDS II

Interim Short Report

30 June 2012

Neptune Africa Fund  
Neptune China Max Alpha Fund  
Neptune Emerging Markets Fund  
Neptune European Max Alpha Fund  
Neptune Global Max Alpha Fund  
Neptune Japan Max Alpha Fund  
Neptune US Max Alpha Fund

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## Investment Objective and Policy

The investment objective of the Neptune Africa Fund is to generate rising capital growth from investing predominantly in securities issued by African companies or issued by companies that derive a significant proportion of their income or economic activity from Africa with a view to attaining top quartile performance within the appropriate peer group.

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

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

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

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

## Risk 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	2.12	2.50
B Accumulation	1.70	1.92

\*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	105.2	100.1	5.09
B Accumulation	106.1	100.7	5.36

### 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	0.6289	0.5238
B Accumulation	0.7678	1.1331

### Comparative Tables

Calendar Year	A Accumulation shares		B Accumulation shares	
	Highest buying price (p)	Lowest selling price (p)	Highest buying price (p)	Lowest selling price (p)
2010†	122.4	100.0	122.4	100.0
2011	121.6	91.34	121.6	91.65
2012*	112.7	99.82	113.4	100.4

†Launched 31 August 2010.

\*To 30 June 2012.

### Net Asset Value

Date	30.06.12		31.12.11	
Net Asset Value (£)	11,776,209		6,947,786	
Share Class	Number of shares in issue	Net asset value per share (p)	Number of shares in issue	Net asset value per share (p)
A Accumulation	5,481,509	105.2	2,498,802	100.1
B Accumulation	5,664,862	106.1	4,414,803	100.7

### Risk Warning

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

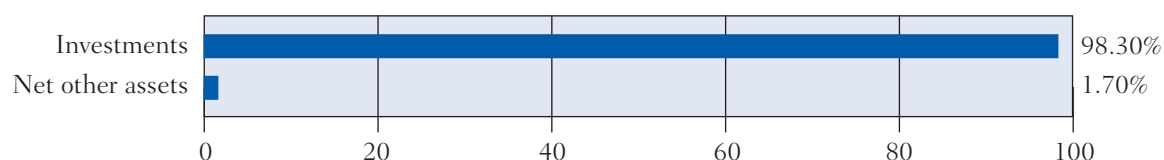
## Ten Largest Holdings

as at 30 June 2012

	% of net assets
MTN	9.60
Sasol	8.26
Naspers	6.18
FirstRand	3.35
Sanlam	3.25
Exxaro Resources	3.02
DRDGOLD	2.83
Shoprite	2.80
Aspen Pharmacare	2.58
Harmony Gold Mining	2.47

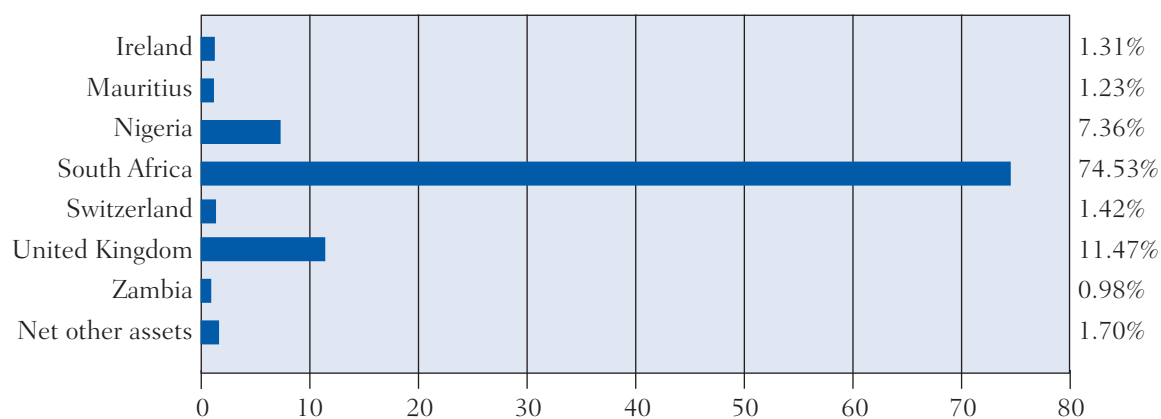
## Classification of Investments

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 Africa Sub-Fund returned 3.87% in the six months to the end of June 2012. By comparison, the MSCI Emerging & Frontier Markets Africa Index gained 5.14%.<sup>\*</sup> Having bottomed in early October last year, the MSCI Emerging & Frontier Markets Africa Index continued to make positive headway in the first quarter of 2012. Indeed, African equities participated in the remarkably strong performance of global equities in January and February. However March saw something of a consolidation as concerns resurfaced over Chinese economic momentum and the ongoing European debt situation.

Outperformers during the first quarter were broadly 'domestic' industries, for example consumer discretionary, healthcare, industrials and financials – whilst the major laggards were the 'global' plays such as materials and energy. A key driver for the weakness in the materials sector was in part a concern over the lack of either a clear turning point in Chinese growth or a stimulus package to promote growth in the world's major commodity consumer, but also in part specific to South Africa where continued regulatory uncertainty alongside strikes and health and safety shutdowns hampered the sector. Meanwhile companies focused on the domestic opportunity both within South Africa and the broader continent continued to prosper with a tailwind of rising incomes and increasing discretionary spend.

The Sub-Fund continued to be overweight in the key consumer sectors and healthcare and underweight in financials and telecommunications. The major shift at the beginning of the year was to add to our industrials sector, where valuations were compelling. Elsewhere the most important changes were to stock holdings in the materials sector; we moved out of several large stocks which faced considerable operational challenges and took positions in more niche areas such as diamonds and mineral sands.

After their very strong start, global equity markets began to soften at the end of the first quarter, and this trend continued through to June. Although the Index is dominated by South Africa, the second quarter also saw impressive resilience in some of the smaller Sub-Saharan markets, with Nigeria and Kenya both performing very well. During this volatile period, it was unsurprising to see outperformance from the more defensive areas of

the market – healthcare, in which we were overweight, was the best performing sector, followed by telecommunications, an underweight in the Sub-Fund. At the other end, energy, industrials and materials produced the worst returns. Although the Sub-Fund is neutral to overweight in each of these underperforming sectors, robust stock selection allowed us to keep in line with the Index in a difficult period.

On a country basis, we are largely invested in South African-listed equities, many of which are benefiting from strong regional growth through expansions into Sub-Saharan Africa, particularly in the consumer sectors. The Sub-Fund also has exposure to Nigeria through holdings in banks, such as Guaranty Trust Bank, and consumer companies, including Nestle Foods Nigeria. The Sub-Fund remains exposed to both the compelling investment case within South Africa and the wider investment opportunity across the continent – both through direct investment and through South African companies expanding into the African frontier markets. We continue to hold a very strong outlook for both the African economy and for the best-of-breed corporates operating in the continent.

*<sup>\*</sup>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. Investments in emerging markets may be higher risk. The value of an investment and any income from it can fall as well as rise as a result of market and currency fluctuations and you may not get back the original amount invested. 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 China Max Alpha Fund is to generate capital growth by investing predominantly in a concentrated portfolio of between 20-30 securities issued by Chinese companies or issued by companies transacting a significant proportion of their business in China with a view to attaining top quartile performance within the appropriate peer group.

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

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

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

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

## 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
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.

# Neptune China Max Alpha Fund

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## 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
B Accumulation	92.53	100.4	(7.84)

### Distributions

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

### Comparative Tables

Calendar Year	B Accumulation shares	
	Highest buying price (p)	Lowest selling price (p)
2011†	102.0	98.12
2012*	117.0	91.32

†Launched 15 December 2011.

\*To 30 June 2012.

### Net Asset Value

Date	30.06.12		31.12.11	
Net Asset Value (£)	927,186		1,004,694	
Share Class	Number of shares in issue	Net asset value per share (p)	Number of shares in issue	Net asset value per share (p)
B Accumulation	1,002,054	92.53	1,001,000	100.4

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



# Neptune China Max Alpha Fund

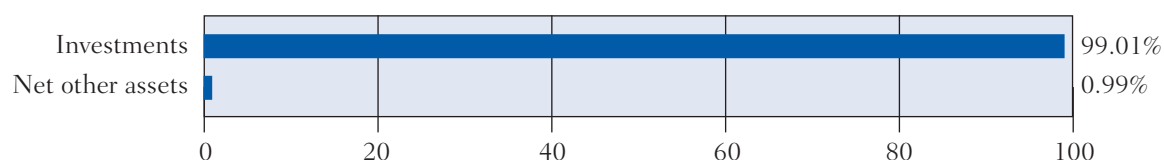
## Ten Largest Holdings

as at 30 June 2012

	% of net assets
Prince Frog International	4.49
China Resources Land	4.47
CITIC Securities	4.32
Zoomlion Heavy Industry Science and Technology	4.25
Hongkong & Shanghai Hotels	4.19
Anton Oilfield Services	4.17
Cafe de Coral	4.02
CNOOC	3.96
Hopson Development	3.86
51job ADR	3.75

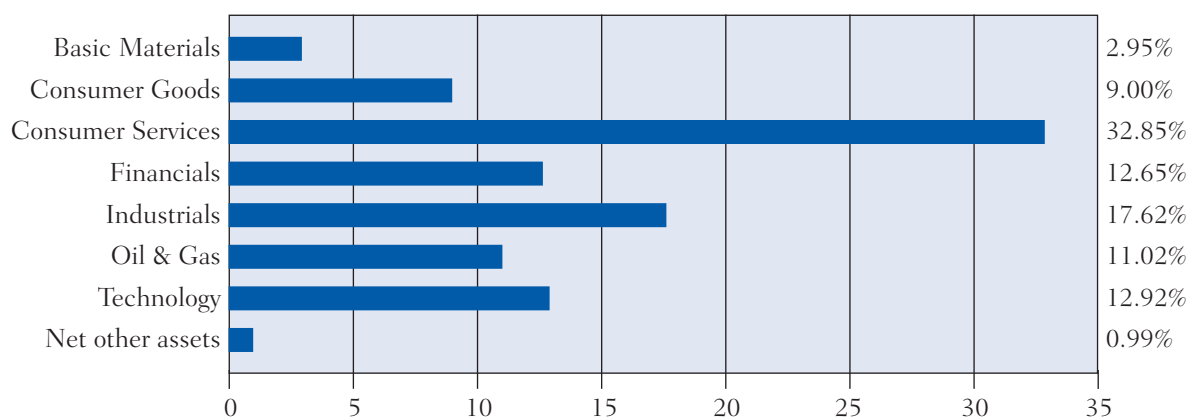
## Classification of Investments

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 concentrated Neptune China Max Alpha Sub-Fund returned -8.38%, while the IMA China/Greater China sector average return was 1.78%.\*

Throughout the first quarter of the year, the Neptune China Max Alpha Sub-Fund remained positioned in line with its remit, catering to investors with a higher risk profile than its sister funds, the Neptune China Sub-Fund and the Neptune Greater China Income Sub-Fund. During the quarter, we maintained our belief that Beijing would be able to continue managing the economy so as to avoid a 'hard landing'. Given the high conviction nature of the portfolio, we made relatively few changes: one consumer company was sold after we lost faith in its inventory management which had dragged on its profitability, and another stock in the same sector was exited on the back of weak end-demand and potential political risk. Emperor Watch, a Hong Kong based watch retailer benefiting from the continued growth of spending in the luxury goods sector and the influx of wealthy mainland Chinese to Hong Kong, was added to the portfolio.

Elsewhere, the Sub-Fund maintained its underweight position in financials, which was relatively resilient in the first half of the year, and this dragged on performance. However our stock selection in the sector, notably our insurance and real estate holdings, was very beneficial. Our long-term optimism in the fundamentals of the Chinese technology sector was also rewarded with strong performance from Chinese internet holdings as well as an IT services company at the beginning of the year.

The majority of the Sub-Fund's underperformance in the first half of 2012 can be attributed to our overweight in the consumer sectors where even though we avoided the worst performers, our investments were not immune. In the short term, confidence remains low and competition in the sector continues to rise. However, this sector remains a long-term structural overweight, and we retain conviction in our holdings.

Looking to the second half of 2012, we maintain conviction in the growth potential of China and remain confident with the positioning of the portfolio. We have begun to see some incremental policy loosening 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 Max Alpha 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.*

# Neptune Emerging Markets Fund

## Investment Objective and Policy

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

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

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

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	2.50	2.50
A Accumulation	2.11	2.32
B Income	2.50	2.50
B Accumulation	1.56	1.74
A Accumulation USD†	2.30	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.

†Launched on 4 June 2010.

# Neptune Emerging Markets 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 Income	144.6	147.4	(1.90)
A Accumulation	147.6	150.2	(1.73)
B Income	142.1	144.9	(1.93)
B Accumulation	148.5	150.6	(1.39)
A Accumulation USD*	57.94	59.01	(1.81)

\*Launched 4 June 2010.

### 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	0.0893p	—
A Accumulation	0.3638p	—
B Income	—	—
B Accumulation	0.8342p	0.4568p
A Accumulation USD*	0.1369¢	—

\*Launched 4 June 2010.

### Comparative Tables

Calendar Year	A Income shares		A Accumulation shares	
	Highest buying price (p)	Lowest selling price (p)	Highest buying price (p)	Lowest selling price (p)
2010	195.7	151.0	199.0	153.1
2011	198.6	138.7	202.1	141.3
2012*	159.5	139.6	162.7	142.5

Calendar Year	B Income shares		B Accumulation shares	
	Highest buying price (p)	Lowest selling price (p)	Highest buying price (p)	Lowest selling price (p)
2010	192.5	148.6	198.4	152.3
2011	195.4	136.4	201.6	141.6
2012*	156.8	137.3	163.3	143.3

Calendar Year	A Accumulation USD shares	
	Highest buying price (¢)	Lowest selling price (¢)
2010†	126.7	96.98
2011	123.2	85.40
2012*	101.2	87.00

†Launched 4 June 2010.

\*To 30 June 2012.

## Neptune Emerging Markets Fund

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### Summary (continued)

#### Net Asset Value

Date	30.06.12		31.12.11	
Net Asset Value (£)	29,244,854		33,598,461	
Share Class	Number of shares in issue	Net asset value per share (p)	Number of shares in issue	Net asset value per share (p)
A Income	353,812	144.6	351,334	147.4
A Accumulation	6,082,000	147.6	6,986,224	150.2
B Income	159,010	142.1	301,810	144.9
B Accumulation	11,731,476	148.5	13,154,915	150.6
A Accumulation USD*	3,651,803	57.94	3,957,541	59.01

\*Launched 4 June 2010.

#### Risk Warning

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

# Neptune Emerging Markets Fund

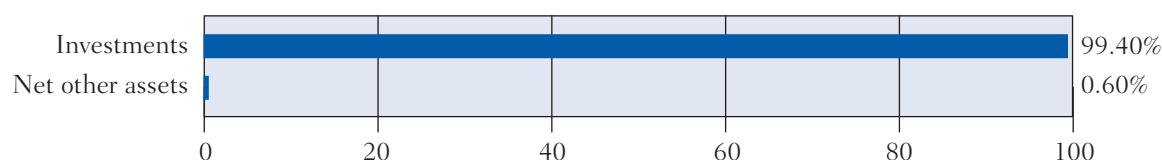
## Ten Largest Holdings

as at 30 June 2012

	% of net assets
Samsung Electronics	3.74
Gazprom Neft ADR (UK listed)	3.13
China State Construction International	3.10
PetroChina	2.89
China Overseas Land & Investment	2.83
Baidu ADR	2.76
Mills Estruturas e Servicos de Engenharia	2.68
Globaltrans Investment ADR	2.58
Vale ADR	2.54
BBMG	2.54

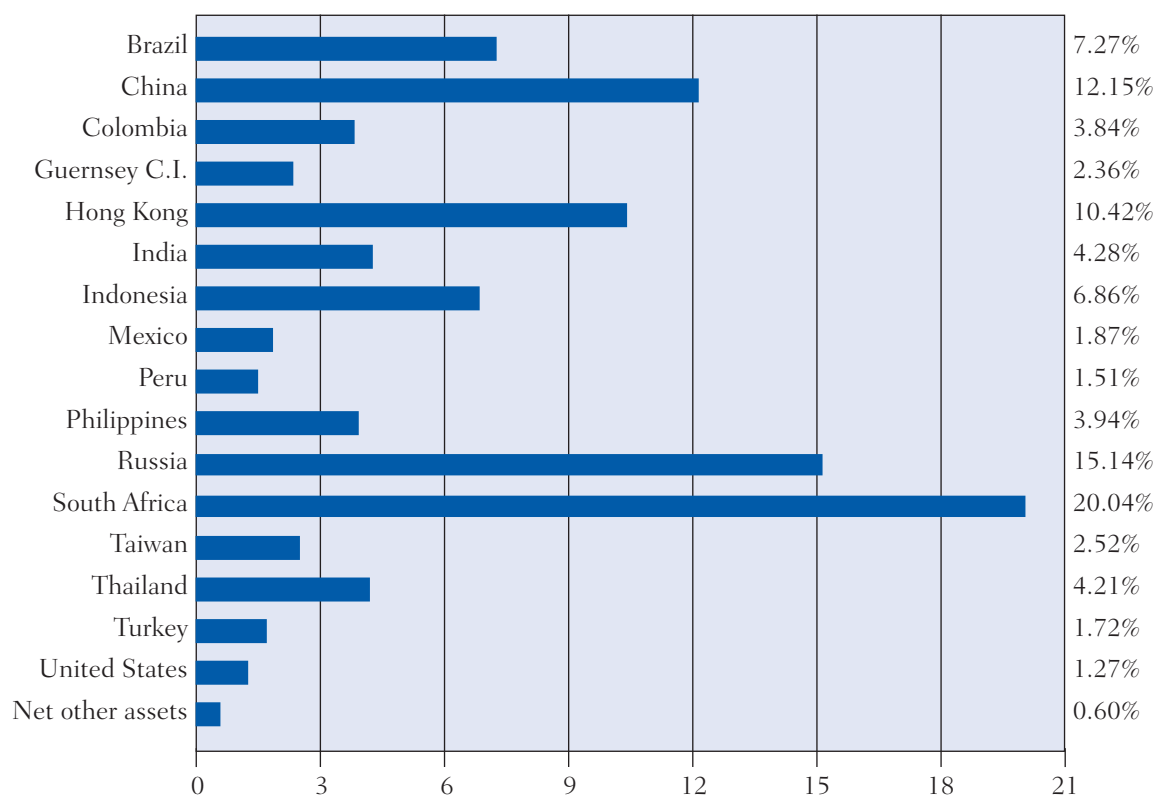
## Classification of Investments

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

Emerging markets had the best start to the year since 2001 as a combination of ongoing loosening of monetary policy, stimulus measures in the Eurozone and expectations of a China stimulus package led to a sharp reversal in many stockmarkets that had become oversold at the end of 2011. Markets continued to move higher in February before moving into a weaker phase towards the end of the first quarter. The January surge was led by economically-sensitive sectors such as industrials, materials and energy, whilst defensive sectors, including consumer staples and telecommunications, underperformed significantly.

However, the second quarter saw emerging markets give up all of the gains established by the end of the first quarter. Whilst April largely saw a continuation of the underperformance of the lower quality stocks that had risen strongly in January, in May this quickly gave way to more aggressive selling across the entire market over renewed concerns relating to the European sovereign debt crisis. Emerging markets (along with global equities in general) managed to stabilise somewhat in June and the MSCI Emerging Markets Index the half year with a gain of 3.16%.

As well as concerns over Europe, global markets also fretted over weaker economic data from the US as well as the continued deterioration in economic momentum in China. In large part these three factors represented something of a 180-degree reversal in hopes from January's premature exuberance. The Neptune Emerging Markets Sub-Fund had suffered heavily in the first two months of the year due to our view that hopes concerning sudden improvements in Europe, the US and China were somewhat early. As such hopes continued to recede in the second quarter, the Sub-Fund had a more successful quarter in relative terms, outperforming the market by a small margin. Overall the Sub-Fund returned -3.17% in the six months to the end of June, whereas the IMA Global Emerging Markets sector average return was 1.92%.\* The relative return was not flattered by timing issues due to a strong market rally in the final hours of the quarter once the Sub-Fund had already priced.

As the period progressed, the Sub-Fund continued to move into more economically sensitive areas of the market, increasing exposure to the consumer discretionary and industrials sector. To this end the

Sub-Fund added positions in stocks such as Media Nusantara (an Indonesian media company), Imperial Holdings (a South African diversified industrials holding company) and Larsen & Toubro (an Indian large-scale engineering contractor). By the end of June, we had a meaningful position in Vale (the Brazilian iron ore miner) and Novolipetsk Steel (a Russian integrated steel producer). These positions were funded by a further decrease in more expensive defensive sectors such as consumer staples and telecoms. The Sub-Fund sold its last remaining telecommunications company, Telekom Malaysia, and also took sizeable profits in Brazilian tobacco manufacturer Souza Cruz.

After the false dawn of January and subsequent disappointments, the Sub-Fund is now more pro-growth positioned as Chinese economic data starts to improve incrementally, European policy makers have begun to act, and expectations on the US economy again become too low. Considering the attractive valuations on offer there are many reasons to be optimistic and the Sub-Fund is positioned as such to potentially benefit from a re-rating in market expectations.

*\*Source: Lipper, A Accumulation share class performance, IMA Global Emerging Markets 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. Investments in emerging markets may be higher risk. The value of an investment and any income from it can fall as well as rise as a result of market and currency fluctuations and you may not get back the original amount invested. 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.*

# Neptune European Max Alpha Fund

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## Investment Objective and Policy

The investment objective of the Neptune European Max Alpha Fund is to generate capital growth by investing predominantly in a concentrated portfolio of between 20 and 30 securities selected from European markets (excluding UK) with a view to attaining top quartile performance within the appropriate peer group.

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

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

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

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

## 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	2.35

\*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 European Max Alpha 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	95.77	99.12	(3.38)
B Accumulation	95.76	99.09	(3.36)

### 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	0.8713	—
B Accumulation	0.7755	0.4026

### Comparative Tables

Calendar Year	A Accumulation shares		B Accumulation shares	
	Highest buying price (p)	Lowest selling price (p)	Highest buying price (p)	Lowest selling price (p)
2010	112.4	95.29	112.7	95.82
2011	120.2	94.66	120.3	94.73
2012*	106.0	89.52	106.0	89.51

\*To 30 June 2012.

### Net Asset Value

Date	30.06.12		31.12.11	
Net Asset Value (£)	2,014,829		2,503,060	
Share Class	Number of shares in issue	Net asset value per share (p)	Number of shares in issue	Net asset value per share (p)
A Accumulation	407,358	95.77	310,920	99.12
B Accumulation	1,696,607	95.76	2,215,060	99.09

### Risk Warning

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

## Neptune European Max Alpha Fund

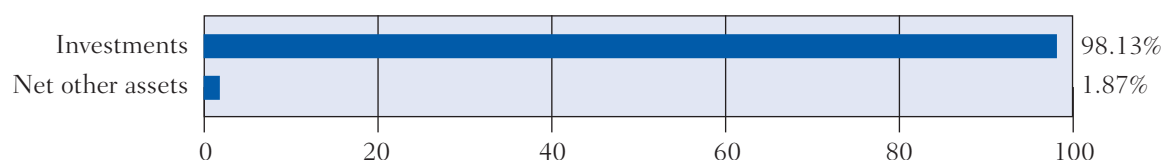
### Ten Largest Holdings

as at 30 June 2012

	% of net assets
Yara International	5.46
AGCO	4.83
North Atlantic Drilling	4.81
Agrinos	4.67
Hennes & Mauritz 'B'	4.45
CF Industries	4.41
BASF	4.30
Adidas	4.03
DIC Asset	3.91
Lanxess	3.85

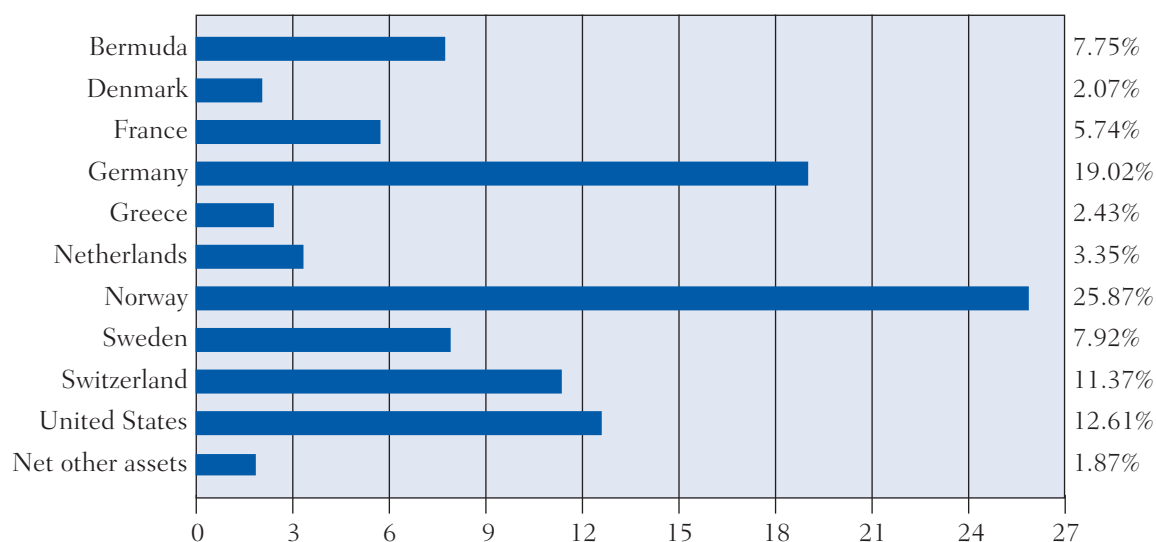
### Classification of Investments

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 Max Alpha Sub-Fund returned –4.50% 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 rise 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 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 Max Alpha 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. 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 Neptune Global Max Alpha Fund is to generate capital growth from a concentrated portfolio of between 20 and 30 global securities, selected from across world equity markets, with a view to attaining top quartile performance within the appropriate peer group.

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

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

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

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

### 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.

## Neptune Global Max Alpha 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	89.89	89.99	(0.11)
B Accumulation	88.67	88.75	(0.09)

#### 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	109.8	84.66	107.8	83.00
2011	110.0	85.11	108.3	83.84
2012*	98.41	86.35	97.05	85.16

\*To 30 June 2012.

#### Net Asset Value

Date	30.06.12		31.12.11	
Net Asset Value (£)	562,393		544,272	
Share Class	Number of shares in issue	Net asset value per share (p)	Number of shares in issue	Net asset value per share (p)
A Accumulation	57,965	89.89	90,501	89.99
B Accumulation	575,486	88.67	521,486	88.75

#### Risk Warning

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

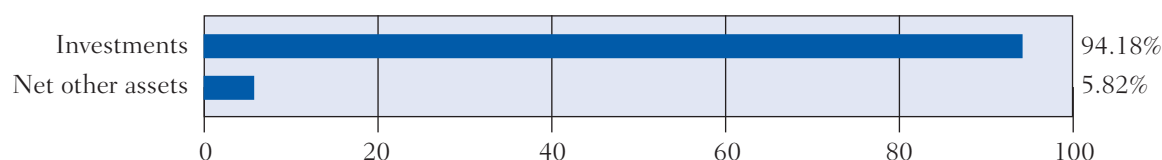
## Ten Largest Holdings

as at 30 June 2012

	% of net assets
Alexion Pharmaceuticals	6.74
Rolls-Royce	6.09
Baidu ADR	5.21
State Bank of Mauritius	4.48
Alicorp	4.14
Westport Innovations	4.12
Mauritius Commercial Bank	3.88
Grana y Montero	3.86
Gazprom Neft	3.83
SLC Agricola	3.82

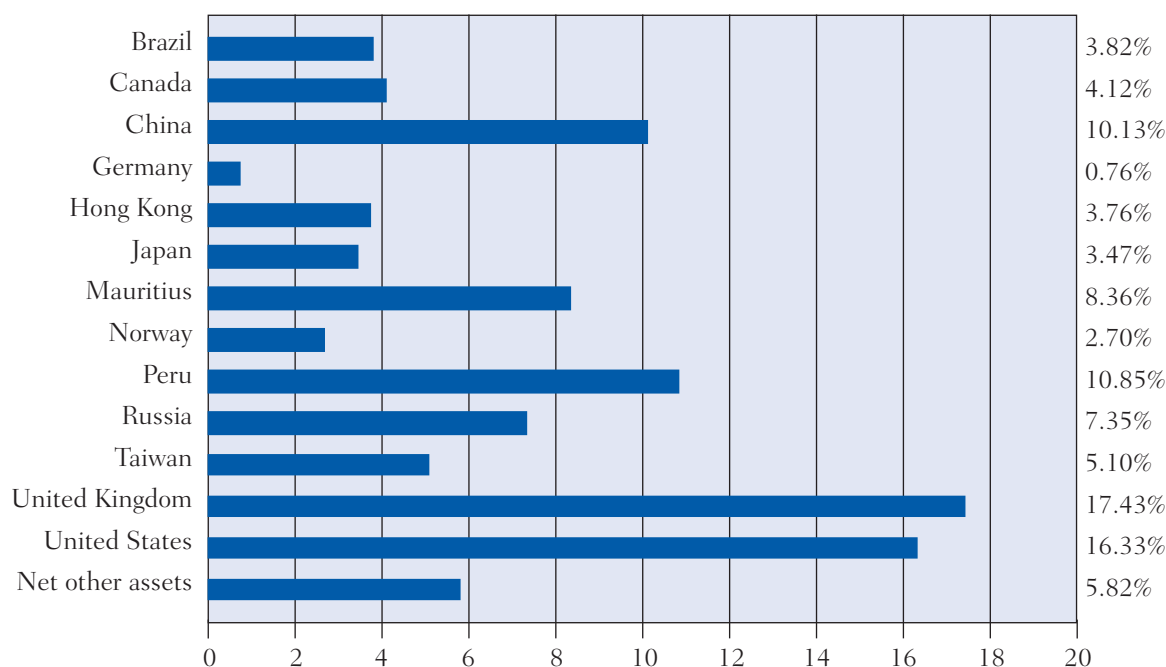
## Classification of Investments

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

Equity markets began 2012 on a positive note as risk sentiment improved, driven largely by measures to improve liquidity globally, whether it was the Chinese Reserve Requirement Ratio (RRR) cut, the Federal Reserve extending a dollar swap line to Europe or the Eurozone's own Long-Term Refinancing Operation (LTRO). 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 Max Alpha Sub-Fund performed strongly during the first quarter. The main driver of performance during this period was our overweights in growth-orientated areas and the information technology sector, with holdings such as Baidu performing very strongly over the quarter.

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.

Overall, the Neptune Global Max Alpha Sub-Fund returned -1.23% 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 performance does not accurately reflect the upside captured by the Sub-Fund after its midday pricing.

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 equities globally. Therefore, we have maintained conviction in the Sub-Fund's 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 opportunities across the market-cap spectrum, with a focus on the emerging markets.

*\*Source: Lipper, A Accumulation share class performance, IMA Global sector, in pound 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. Investments in emerging markets may be higher risk. The value of an investment and any income from it can fall as well as rise as a result of market and currency fluctuations and you may not get back the original amount invested. 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 Neptune Japan Max Alpha Fund is to generate capital growth from a concentrated portfolio of between 20-30 securities issued by Japanese companies or issued by companies transacting a significant proportion of their business in Japan with a view to attaining top quartile performance within the appropriate peer group.

Other eligible asset classes may include collective investment schemes, other transferable securities, cash or near cash, deposits and money market instruments. Derivative instruments may be used by the ACD for efficient portfolio management.

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

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

## 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.



# Neptune Japan Max Alpha 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	114.9	109.4	5.03
B Accumulation	115.0	109.5	5.02

### 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	117.4	98.99	117.4	98.99
2011	117.4	92.23	117.4	92.24
2012*	118.4	107.3	118.6	107.5

\*To 30 June 2012.

### Net Asset Value

Date	30.06.12		31.12.11	
Net Asset Value (£)	563,036		571,590	
Share Class	Number of shares in issue	Net asset value per share (p)	Number of shares in issue	Net asset value per share (p)
A Accumulation	39,926	114.9	63,685	109.4
B Accumulation	449,600	115.0	458,300	109.5

### Risk Warning

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

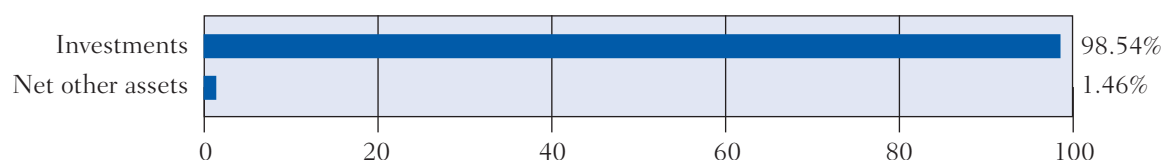
## Ten Largest Holdings

as at 30 June 2012

	% of net assets
JGC	6.51
NEC Mobiling	5.37
Oki Electric Industry	5.32
Nippon Shokubai	4.76
Hitachi Medical	4.70
C CUBE	4.53
Ihara Chemical Industry	4.01
Toray Industries	3.84
Kumiai Chemical Industry	3.83
Hitachi Capital	3.76

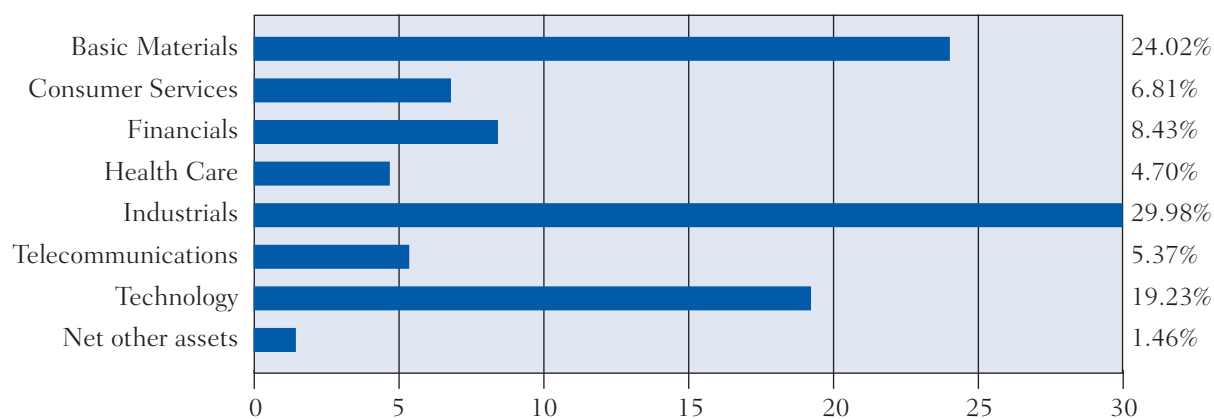
## Classification of Investments

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

During the first half of 2012, the Neptune Japan Max Alpha Sub-Fund did well by rising 5.83%, outperforming both the TOPIX Index's and the IMA Japan sector average returns of 2.24% and 2.59% respectively. This performance saw the Sub-Fund ranked 4th out of 54 competitors in the peer group. The Sub-Fund had a quiet start to the year, gaining only 7.20% in sterling terms so just underperforming the TOPIX Index's 7.81% gain. The Sub-Fund's slight underperformance came principally from the portfolio investing in mainly medium and smaller sized firms which lagged the broader market. During the second quarter, the Sub-Fund did much better on a relative basis as it fell by only -1.28%, compared to the TOPIX Index's -5.16% decline. Outperformance came entirely from successful stock selection.\*

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.

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.

Despite recent events, we remain convinced that the factors behind recent economic disruptions will prove relatively short lived and rebound strongly later in the year. The Sub-Fund will remain invested mainly in the smaller, faster growing and more profitable subsidiaries of large, quoted companies as their future is determined more by a combination of their own microeconomic circumstances and their parent firms' intended consolidation plans, rather than macroeconomic circumstances.

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

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

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

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

It is the intention to be near-fully invested at all times, however, the Sub-Fund has the ability to take significant positions in cash or near cash should the ACD feel this appropriate in the prevailing circumstances.

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

### 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	2.25
B Accumulation	1.86	1.76

\*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 Max Alpha 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	168.7	159.0	6.10
B Accumulation	171.0	160.6	6.48

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

\*To 30 June 2012.

### Net Asset Value

Date	30.06.12		31.12.11	
Net Asset Value (£)	5,601,108		6,402,224	
Share Class	Number of shares in issue	Net asset value per share (p)	Number of shares in issue	Net asset value per share (p)
A Accumulation	914,459	168.7	1,092,799	159.0
B Accumulation	2,373,307	171.0	2,904,790	160.6

### Risk Warning

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

## Neptune US Max Alpha Fund

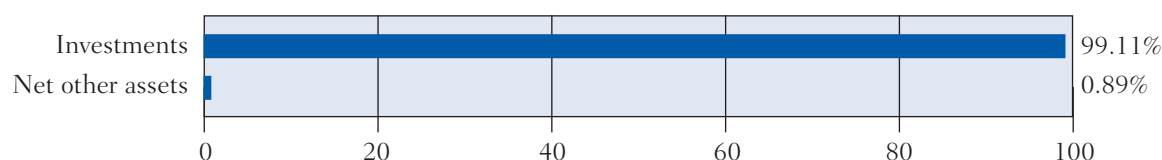
### Ten Largest Holdings

as at 30 June 2012

	% of net assets
Apple	7.38
PulteGroup	6.08
Old Dominion Freight Line	4.82
Monster Beverage	4.69
Glu Mobile	4.41
Ingersoll-Rand	4.33
Pilgrim's Pride	3.86
Triumph	3.67
Gibson Energy	3.51
Cabela's	3.44

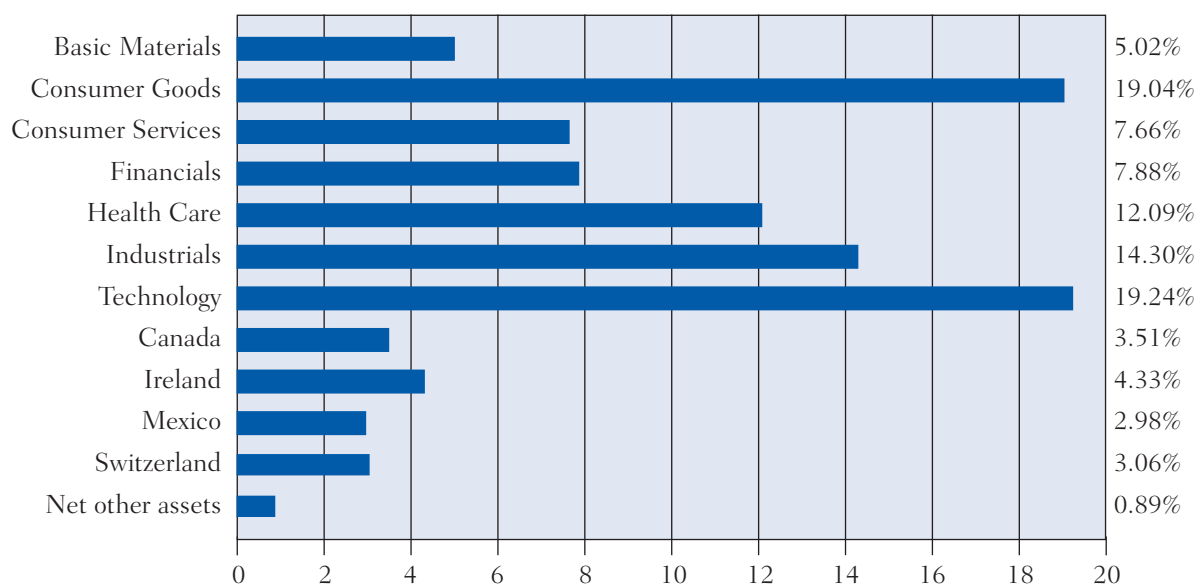
### Classification of Investments

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 Max Alpha Sub-Fund delivered a disappointing return of 0.87% versus the IMA North America sector average gain of 4.67%.\* In the first quarter, the Sub-Fund benefited from its overweight positions in the more cyclical areas of the market, including financials and industrials. We also added new positions in the information technology sector, with a focus on niche, high growth companies that are benefiting from an acceleration in smartphone demand, including Sourcefire Inc and Glu Mobile. However in the second quarter, this sector exposure resulted in the Sub-Fund's underperformance. In particular, weaker-than-expected earnings reports from two of our holdings, Fossil and Servicesource International, resulted in sharp declines in their share prices and therefore weighed on our overall performance.

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 we have increased our exposure to the more economically sensitive parts of the market, including new positions in energy, industrials 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. 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.*

## 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

### Authorised Corporate Director ('ACD')

Neptune Investment Management Limited

Head Office:

3 Shortlands, London W6 8DA

(Authorised and regulated by the Financial Services Authority)

### Directors of the ACD

Jonathan Punter

Robin Geffen

Alexander Catto

Stuart Southall

Robert Warner

Patrick Berton

Richard Green

Robert Pickering

### Investment Manager

Neptune Investment Management Limited

3 Shortlands, London W6 8DA

(Authorised and regulated by the Financial Services Authority)

### Depository

State Street Trustees Ltd

525 Ferry Road, Edinburgh EH5 2AW

(Authorised and regulated by the Financial Services Authority)

### Fund Accountant and Valuing Agent

State Street Bank & Trust Company

20 Churchill Place, London E14 5HJ

### Administrator and Registrar

International Financial Data Services (UK) Ltd

PO Box 9004, Chelmsford CM99 2WR

(Authorised and regulated by the Financial Services Authority)

### Auditor

Ernst & Young LLP

1 More London Place, London SE1 2AF



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