

# Neptune Investment Funds

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Neptune China Fund

Neptune European Opportunities Fund

Neptune Global Alpha Fund

Neptune Global Equity Fund

Neptune Global Income Fund

Neptune Income Fund

Neptune India Fund

Neptune Japan Opportunities Fund

Neptune Latin America Fund

Neptune Russia and Greater Russia Fund (change of name to  
Neptune Russia Fund on 7 August 2019)

Neptune UK Mid Cap Fund

Neptune UK Opportunities Fund

Neptune US Income Fund

Neptune US Opportunities Fund

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## Notes

Please read the following important notes and definitions to aid your understanding of the technical terms used in this interim report and financial statements.

### Accumulation shares

Shares that do not pay a dividend but reinvest any income earned from the fund's underlying holdings into the value of the shares. All Neptune funds have accumulation shares.

### Annual management charge

The annual fee charged by Neptune, calculated on a daily basis, for managing the fund.

### Distribution

This is the dividend that is paid to investors, based on the income earned from the fund's underlying holdings. Where applicable, investors in an income share class may receive a distribution, whereas in accumulation shares the distribution is reinvested into the value of the shares.

### Equalisation

Equalisation applies to shares purchased during a distribution period, known as 'Group 2' shares. It is the average amount of income included in the purchase price of all the Group 2 shares and is refunded to holders of these shares as a return of capital. Being capital, it is not liable to income tax, but must be deducted from the cost of the shares for capital gains tax purposes. The equalisation amount for each share class and distribution is shown in the distribution table. Group 2 shares revert to being Group 1 shares following the first distribution after their purchase.

### Equities

These are shares in companies. Shareholders are the owners of a company and can vote on important matters such as the appointment of directors. They also participate in the potential increase in value of the company through increases in the value of its shares, if the company is successful for example. Neptune funds predominantly invest in equities.

### Fixed interest investments

These are bond or debt securities issued by governments and companies that carry rights to a fixed rate of interest paid by the issuer to investors. At the end of the payment term, the issuer repays the capital sum.

### Growth fund

A fund seeking capital growth aims to maximise the value of the money invested, rather than specifically aiming to produce income. In contrast, a fund may seek to maximise income over capital growth. Neptune's fund range includes funds that seek capital growth, funds that seek to generate income and funds that aim to produce income and grow capital.

### Income shares

Income shareholders receive all the income generated by the fund's underlying holdings in the form of a distribution. This is in contrast to accumulation shares. These two choices are important: some investors want income so they opt for income shares. Other investors want growth so they opt for accumulation shares.

### ISA (Individual Savings Account)

An ISA is a tax efficient means of investing. All UK tax payers are eligible to invest within an ISA. Due to their tax advantages, the Government limits how much investors can pay into an ISA in each tax year. The current ISA limit is £20,000 for tax year 2019/20, which can be invested in cash, shares or any combination of the two. All Neptune funds are eligible to be held in an ISA; Neptune, however, only offers stocks & shares ISAs. Investors can also transfer existing ISAs which are currently held with other fund providers into our funds.

### Junior ISA (Junior Individual Savings Account)

Junior ISAs were launched by the Government to enable parents/guardians to invest in a tax friendly vehicle for their children.

Once a parent or guardian opens a Junior ISA for their child, anyone is able to make a contribution up to the annual limit. The current Junior ISA limit is £4,368 for the tax year 2019/20, which can be invested in cash, shares or any combination of the two. Neptune, however, only offers stocks & shares Junior ISAs. From the age of 16 a child can register to be their own contact. When the child reaches 18 their account is automatically converted into an 'adult' ISA and they are entitled to full access to their investments and savings. All Neptune funds are eligible to be held in a Junior ISA.

### Macroeconomics

Analysis of a country or region's economy as a whole. Alongside global industry sector analysis and rigorous stockpicking, macroeconomics forms an important part of Neptune's investment process.

### Negative equalisation

Equalisation that is applied to each share class when in a deficit position, also known as 'negative equalisation', rather than applying a nil rate. Negative equalisation should be applied to avoid any possible distortion of distribution yields when comparing share class performance in a sub-fund.

### Neptune Investment Funds

A number of Neptune funds which have a similar legal structure and investment powers but differing investment objectives. Together, these funds – sometimes referred to as sub-funds – make up the Neptune Investment Funds umbrella, which forms a distinct legal company.

## Notes (continued)

### OEIC (Open-Ended Investment Company)

A type of fund in the UK that is structured as a company and has the ability to invest in equities and to adjust its investment criteria and fund size. The price of the shares is based on the underlying holdings of the fund. There are no bid and offer prices on Neptune OEIC shares; buyers and sellers receive the same price but an initial charge may be payable. An OEIC allows investment to be diversified away from holding a single or small number of companies.

OEICs are also referred to as Investment Companies with Variable Capital (ICVC).

### Operating Charge Figure (OCF)

A measure of the charges associated with managing and operating a fund and therefore reflective of the cost of investing in a particular fund. These costs consist primarily of management fees as well as legal, auditor and operational expenses. The figure excludes transaction costs and is provided for each share class available within a fund.

The OCF shows the annual expenses of the fund expressed as a percentage of the average net asset value, which helps you compare the annual expenses to other classes, funds and different schemes.

The ACD caps the OCF as a percentage of the average net asset value. The OCF percentage cap for each share class is given in the Performance Record for the class. The OCF capping is entirely at the discretion of the ACD and may cease at any time.

### Research

The research provision is a revenue charge made to each sub-fund for research services provided by third parties who are independent of the fund manager. The fund manager uses the research to inform investment decisions for the sub-fund. The charge was previously included in the transaction charges. The ACD ensures that the research provides analysis and reaches conclusions based on new or existing information that could be used to inform an investment strategy or capable of adding value to the fund managers' decisions on behalf of the sub-fund being charged for that research.

### Sector

Globally, businesses can be classified into ten different sectors based on the nature of their industry. These are consumer discretionary, consumer staples, energy, financials, healthcare, industrials, information technology, materials, telecommunications and utilities. Neptune's investment process is based on sector industry analysis, investing our sub-funds based on how we believe each sector will perform.

### Sub-fund

A sub-fund, such as the Neptune Global Equity Fund, forms part of a wider group of funds which sit under the same umbrella known as an investment company. Each sub-fund has its own investment objective and is held separately from other sub-funds within the same umbrella.

### UCITS (Undertakings for Collective Investment in Transferable Securities)

The UCITS legislation governs how a fund can be marketed in the European Union and is designed to allow cross border fund sales to investors of different nationalities.

To obtain UCITS status a fund must invest within defined but wide parameters. The fund may then be sold in any EU country, subject only to the marketing rules of that country and any necessary regulatory approval. All of Neptune's funds are UCITS compliant.

### Yield

The amount of income generated by a fund's investments in relation to the price. Funds aiming to generate an income will seek to have a high yield whilst those funds focusing on capital growth typically have a smaller yield.

# Neptune Investment Funds

## Certification of Financial Statements by Directors of the ACD

This report is signed in accordance with the requirements of the Collective Investment Schemes Sourcebook (COLL) of the Financial Conduct Authority (FCA).

### Cross holdings

Sub-fund	Shares held	Holding £	Value £
Neptune Global Alpha	Neptune Global Technology	1,980,000	4,460,940
Neptune Global Alpha	Neptune Latin America	810,000	1,054,620
Neptune Global Alpha	Neptune Global Special Situations	601,000	1,032,518
Neptune Global Alpha	Neptune Emerging Markets	2,040,000	3,414,960
Neptune Global Equity	Neptune Global Technology	4,123,000	9,289,119
Neptune Global Equity	Neptune Global Income Fund	1,600,000	2,968,000
Neptune Global Equity	Neptune Emerging Markets	2,301,000	3,851,874

There were no other cross holdings within the ICVC.

For  
Neptune Investment Management Limited  
ACD of Neptune Investment Funds  
22 August 2019

# Neptune China Fund

## Investment objective

The investment objective of the Neptune China Fund (the 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.

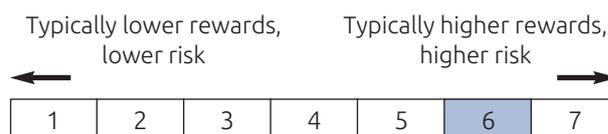
It is anticipated that derivative instruments and forward transactions may be used by the ACD for EPM.

It is the intention to be near-fully invested at all times, however, the 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 Fund is at all times eligible to be included in an ISA.

## Risk and reward profile

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



This Fund is in Category 6 because of the high range and frequency of price movements (volatility) of the underlying investments referenced by the Fund.

The following are additional risks not covered by the risk and reward category.

- Investing overseas can bring additional returns and spread risk to different markets. There are risks, however, that changes in currency rates will reduce the value of your investment.
- Emerging markets or less developed countries may face more political, economic or structural challenges than developed countries. This means your money may be at greater risk.
- This Fund holds a limited number of investments. If one of these investments falls in value this can have a greater impact on the Fund's value than if it held a larger number of investments.
- For a full list of the Fund's risks, please see the Prospectus.

## Investment Manager's report

for the six months ended 30 June 2019 (unaudited)

The Neptune China Fund returned 12.2% in first half of 2019, versus the MSCI China Index's return of 13.2% and the IA China peer group average gain of 16.4%.\*

The first half of the year was relatively volatile and largely impacted by sentiment over trade negotiations between the US and China. In the first quarter, the Chinese market rallied significantly following optimism over trade talks, as well as news of further inclusion in the MSCI benchmark indices. At the end of February, Donald Trump delayed a scheduled increase in tariffs on \$200bn of Chinese goods. This was viewed very positively by the market as an indication that talks were progressing and that both sides were eager to reach an agreement. However, in the second quarter, Trump announced that he was no longer willing to negotiate as China had apparently reneged on previously agreed terms. This sent Chinese and global markets into decline throughout May. However, markets began to recover when Trump and Xi met at the G20 forum at the end of June. The meeting proved positive when Trump announced that negotiations would restart and that sanctions on the Chinese telecoms company, Huawei, would be relaxed.

Negative contributors to the Fund's performance included an underweight position in the healthcare sector, which saw a strong rally. However, the portfolio's consumer discretionary holdings performed well against the benchmark. Sportswear names continued to outperform due to the increasing trend of health awareness. Li Ning, a domestic sportswear company, performed very well after a positive profit alert driven by strong sales growth. Ctrip, a provider of travel services, also performed particularly well during the first quarter as margins improved beyond expectations and guidance was strong. Our financials holdings also outperformed as we avoided holding the Chinese brokers, which underperformed in the second quarter due to their sensitivity to retail market sentiment, which was driven lower by the negative trade war news.

We increased the weighting of consumer discretionary names in the portfolio in the first half of the year as we believe the sector will benefit from increased spending as a result of the individual income tax reform enacted last year. We have selected companies that focus on items such as apparel and dining, which we believe are in line with the magnitude of extra income that people will

receive. We also continue to believe in the trend of increased aspiration for domestic and international travel, as well as education remaining a priority for families. We also added a leading online portal for Chinese car buyers, as we believe it is the dominant advertising channel for the industry with a long runway for growth. These additions were funded by reductions in the utilities and energy sectors.

This half, the government announced a 2019 GDP growth target of 6-6.5%, giving China policy flexibility for the year. Stimulus measures have continued, with VAT cuts and increased local government infrastructure funding also announced. We continue to believe stimulus will be specific and targeted and that these measures should ensure growth targets are met. Therefore, we maintain a positive outlook for the Chinese market going forward. At the end of the half, there was confirmation that tariffs will not be levied on the remaining \$300bn of Chinese exports. Global markets have rallied on the back of the G20 meeting, which has opened up the possibility of a more protracted truce and supported investor confidence. However, no deadline was set and we believe that political factors may now come into play with the US presidential election approaching. Uncertainty remains over Donald Trump's negotiation tactics, however, we continue to believe that both sides ultimately want a deal and an agreement will be reached in due course.

*\*Source: Morningstar, C Accumulation share class performance, in sterling with no initial charges, net revenue reinvested to 30 June 2019. 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 and potentially more volatile than those in developed markets. The value of an investment and any revenue from it can fall as well as rise as a result of market and currency fluctuations and you may not get back the original amount invested. References to specific securities and sectors are for illustration purposes only and should not be taken as a recommendation to buy or sell these securities and sectors. 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. Forecasts are not a reliable indicator of future performance. Any views expressed are those of Neptune as at the date of issue and we do not undertake to advise you as to any changes in our views. Please refer to the Prospectus for further details.*

# Neptune China Fund

## Investment Manager's report

for the six months ended 30 June 2019 (unaudited) (continued)

The Portfolio statement as at 30 June 2019 is as follows:

Holding	Portfolio of investments	Market value £000	Total net assets %
	<b>China 78.14% (2018 - 76.03%)</b>		
	<b>Basic Materials 0.00% (2018 - 1.01%)</b>		
	<b>Consumer Goods 9.36% (2018 - 7.99%)</b>		
	<b>Food Producers 1.27%</b>		
97,000	China Mengniu Dairy	296	1.27
	<b>Personal Goods 8.09%</b>		
66,000	ANTA Sports Products	357	1.53
29,500	Hengan International	171	0.74
417,000	Li Ning	775	3.33
53,500	Shenzhou International	578	2.49
	<b>Consumer Services 5.83% (2018 - 1.80%)</b>		
	<b>General Retailers 2.39%</b>		
3,792	New Oriental Education & Technology ADR	286	1.23
9,000	TAL Education ADR	270	1.16
	<b>Media 0.45%</b>		
6,600	iQIYI ADR	104	0.45
	<b>Travel &amp; Leisure 2.99%</b>		
10,606	Ctrip.com International ADR	310	1.33
10,600	Yum China	385	1.66
	<b>Financials 28.22% (2018 - 23.24%)</b>		
	<b>Banks 16.74%</b>		
703,000	Agricultural Bank of China	232	1.00
2,409,000	Bank of China 'H'	800	3.44
2,302,000	China Construction Bank 'H'	1,561	6.71
58,000	China Merchants Bank 'H'	228	0.98
1,866,800	Industrial & Commercial Bank of China 'H'	1,072	4.61
	<b>Life Insurance 6.78%</b>		
166,500	Ping An Insurance 'H'	1,576	6.78
	<b>Real Estate Investment &amp; Services 4.70%</b>		
139,100	China Vanke 'H'	411	1.77
96,000	Longfor	285	1.23
620,000	Greentown Service	395	1.70
	<b>Health Care 1.30% (2018 - 1.96%)</b>		
	<b>Pharmaceuticals &amp; Biotechnology 1.30%</b>		
109,200	Sinopharm	303	1.30
1,258,200	China Animal Healthcare*	—	—
	<b>Industrials 4.62% (2018 - 6.63%)</b>		
	<b>Construction &amp; Materials 3.15%</b>		
67,500	Anhui Conch Cement	333	1.43
394,000	China Communications Construction 'H'	278	1.20
126,000	China Railway Construction 'H'	122	0.52
	<b>Electronic &amp; Electrical Equipment 1.47%</b>		
23,088	Hollysys Automation Technologies	341	1.47
	<b>Oil &amp; Gas 5.23% (2018 - 6.82%)</b>		
	<b>Alternative Energy 1.14%</b>		
1,233,200	Huaneng Renewables 'H'	266	1.14

# Neptune China Fund

## Investment Manager's report

for the six months ended 30 June 2019 (unaudited) (continued)

The Portfolio statement as at 30 June 2019 (continued)

Holding	Portfolio of investments	Market value £000	Total net assets %
	<b>Oil &amp; Gas Producers 4.09%</b>		
492,000	China Petroleum & Chemical 'H'	264	1.14
349,000	CNOOC	470	2.02
498,000	PetroChina 'H'	217	0.93
	<b>Technology 23.58% (2018 - 25.00%)</b>		
	<b>Software &amp; Computer Services 23.58%</b>		
15,990	Alibaba ADR	2,154	9.26
3,000	Autohome ADR	212	0.91
4,825	Baidu ADR	441	1.90
3,900	Baozun ADR	152	0.65
60,200	Tencent	2,141	9.21
167,000	TravelSky Technology 'H'	265	1.14
3,400	Weibo ADR	118	0.51
	<b>Utilities 0.00% (2018 - 1.58%)</b>		
	<b>Hong Kong 19.12% (2018 - 20.92%)</b>		
438,000	Beijing Enterprises Water	205	0.88
98,000	BOC Hong Kong	304	1.31
578,740	China Everbright International	421	1.81
120,000	China Mobile	861	3.70
244,000	China Overseas Land & Investment	708	3.04
78,000	China Resources Beer	292	1.26
250,000	China Resources Cement	191	0.82
78,000	China Resources Gas	305	1.31
476,000	China Unicom Hong Kong	411	1.77
107,400	Haier Electronics	234	1.01
50,000	Health & Happiness H&H International	224	0.96
154,000	Kunlun Energy	106	0.46
150,000	Longtop Financial Technologies ADR*	—	—
222,000	Xinyi Glass	184	0.79
	Portfolio of investments	22,615	97.26
	Net other assets	638	2.74
	Net assets	23,253	100.00

All holdings are ordinary shares or stock units unless otherwise stated.

Comparative figures shown above in brackets relate to 31 December 2018.

\*Delisted security.

Stocks shown as ADRs represent American Depositary Receipts.

# Neptune China Fund

## Investment Manager's report

for the six months ended 30 June 2019 (unaudited) (continued)

The top five purchases and sales for the six months are as follows:

<b>Purchases</b>	<b>Cost £000</b>
China Vanke 'H'	401
Sinopharm	360
Yum China	336
Autohome ADR	311
Longfor	267

<b>Sales</b>	<b>Proceeds £000</b>
Tencent	741
Alibaba ADR	674
Enn Energy	420
Weibo ADR	330
China Mobile	309

Stocks shown as ADRs represent American Depositary Receipts.

# Neptune China Fund

## Fund information

### Performance record

#### A Accumulation

	30 June 2019	31 December 2018	31 December 2017
Closing net asset value (£000)	8,613	8,674	11,396
Closing number of shares	1,999,005	2,247,509	2,497,347
Closing net asset value per share (p)	430.85	385.96	456.34
Operating Charge Figure <sup>‡</sup>	2.04%	1.97%	1.98%

#### C Accumulation

	30 June 2019	31 December 2018	31 December 2017
Closing net asset value (£000)	14,640	15,627	19,718
Closing number of shares	8,097,595	9,695,505	10,451,468
Closing net asset value per share (p)	180.80	161.18	188.66
Operating Charge Figure <sup>‡</sup>	1.04%	0.96%	0.98%

<sup>‡</sup>The OCF includes the annual management charge and other expenses. The OCF of the A share class is currently capped at 2.11% per annum and the C share class is currently capped at 1.09% per annum of the relevant share class net asset value by the ACD. This capping may cease at any time.

### Fund performance

The performance of the Fund is shown in the Investment Manager's Report on page 7.

### Status

Neptune China Fund is a sub-fund of Neptune Investment Funds which is a UCITS scheme.

### 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 OEIC and the income from it can fall as well as rise and may be affected by exchange rate variations.

## Financial Statements

### Statement of total return

for the six months ended 30 June 2019 (unaudited)

	30 June 2019		30 June 2018	
	£000	£000	£000	£000
Income				
Net capital gains		2,617		1,003
Revenue	315		306	
Expenses	(161)		(210)	
Interest payable and similar charges	—		—	
Net revenue before taxation	154		96	
Taxation	(22)		(17)	
Net revenue after taxation		132		79
Total return before equalisation		2,749		1,082
Equalisation		7		2
Change in net assets attributable to shareholders from investment activities		2,756		1,084

### Statement of change in net assets attributable to shareholders

for the six months ended 30 June 2019 (unaudited)

	30 June 2019		30 June 2018	
	£000	£000	£000	£000
Opening net assets attributable to shareholders		24,301		31,115
Amounts received on issue of shares	1,050		2,159	
Amounts paid on cancellation of shares	(4,854)		(2,511)	
		(3,804)		(352)
Change in net assets attributable to shareholders from investment activities		2,756		1,084
Closing net assets attributable to shareholders		23,253		31,847

The opening net assets attributable to shareholders for 30 June 2019 is different to the closing position of the comparative period, this is due to the comparative being an interim period.

# Neptune China Fund

## Financial Statements (continued)

### Balance sheet

as at 30 June 2019 (unaudited)

	30 June 2019		31 December 2018	
	£000	£000	£000	£000
<b>Assets</b>				
Fixed assets				
Investments		22,615		23,561
Current assets				
Debtors	447		112	
Cash and bank balances	613		712	
Total current assets		<u>1,060</u>		<u>824</u>
Total assets		<u>23,675</u>		<u>24,385</u>
<b>Liabilities</b>				
Creditors				
Other creditors	(422)		(84)	
Total liabilities		<u>(422)</u>		<u>(84)</u>
Net assets attributable to shareholders		<u>23,253</u>		<u>24,301</u>

### Notes to the interim financial statements

The interim financial statements have been prepared in accordance with the SORP for Authorised Funds issued by the Investment Association in May 2014.

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2018 and are described in those financial statements.

# Neptune European Opportunities Fund

## Investment objective

The investment objective of the Neptune European Opportunities Fund (the 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 are 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 effective portfolio management.

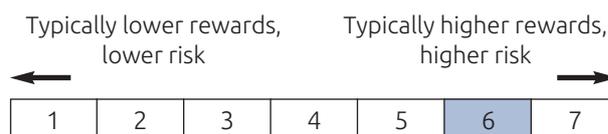
It is the intention to be near-fully invested at all times, however, the Fund has the facility to take tactical positions in cash or near cash should the ACD feel it appropriate.

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

\*The Fund's peer group is the Investment Association's 'Europe excluding the UK' category.

## Risk and reward profile

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



The Fund is in Category 6 because of the high range and frequency of price movements (volatility) of the underlying investments referenced by the Fund.

The following are additional risks not covered by the risk and reward category.

- Investing overseas can bring additional returns and spread risk to different markets. There are risks, however, that changes in currency rates will reduce the value of your investment.
- This Fund holds a limited number of investments. If one of these investments falls in value this can have a greater impact on the Fund's value than if it held a larger number of investments.
- For a full list of the Fund's risks, please see the Prospectus.

## Investment Manager's report

for the six months ended 30 June 2019 (unaudited)

The Neptune European Opportunities Fund returned 13.5% in the first half of 2019, versus the MSCI Europe ex UK Index and IA Europe ex UK sector average returns of 17.8% and 16.8% respectively.\*

European markets enjoyed a strong start to 2019, rising by 17.8% during the first half of the year, in line with developed markets. Key drivers were the continued dovishness of global central banks and the agreement at the G20 summit by President Trump and Xi Jinping to resume trade talks. The Fed acknowledged the need for interest rate cuts, with the first expected in July, and the ECB signalled that additional monetary stimulus might be needed in the form of rate cuts and/or asset purchases. Trade discussions were the primary source of volatility, with negotiations breaking down in May before the two leaders agreed to continue talking at the G20 at the end of June.

Despite the rally in global equities, the fall in global bond yields continued to favour growth over value with technology and consumer discretionary being two of the best performing sectors. The Fund's underweight to the healthcare and consumer staples sectors versus the Index were a slight detractor on performance during the first half of the year. Despite the persistent underperformance of value, strong performance from a number of stocks supported portfolio returns. These included Lonza, Adidas, SBM Offshore and Yara.

The portfolio maintains a strong value bias, with valuations at a material discount to both the market and peers. As recession fears recede and risk assets are supported by a more dovish Fed and stimulus measures in China, we see room for the sharp outperformance of growth over value to begin to reverse.

*\*Source: Morningstar, C Accumulation share class performance, in sterling with no initial charges, net revenue reinvested to 30 June 2019. The performance of other share classes may differ. Past performance is not a guide for future performance. The value of an investment and any revenue from it can fall as well as rise as a result of market and currency fluctuations and you may not get back the original amount invested. References to specific securities and sectors 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. Forecasts are not a reliable indicator of future performance. Any views expressed are those of Neptune as at the date of issue and we do not undertake to advise you as to any changes in our views. Please refer to the Prospectus for further details.*

# Neptune European Opportunities Fund

## Investment Manager's report

for the six months ended 30 June 2019 (unaudited) (continued)

The Portfolio statement as at 30 June 2019 is as follows:

Holding	Portfolio of investments	Market value £000	Total net assets %
115,000	<b>Austria 1.95% (2018 - 3.64%)</b> Erste Bank	3,344	1.95
43,000	<b>Belgium 1.29% (2018 - 0.39%)</b> KBC	2,213	1.29
5,400	<b>Denmark 3.04% (2018 - 3.39%)</b> AP Moller - Maersk	5,217	3.04
880,000	<b>Finland 2.01% (2018 - 0.00%)</b> Nokia	3,447	2.01
33,000	<b>France 24.29% (2018 - 14.50%)</b> Air Liquide	3,624	2.11
500,000	Credit Agricole	4,728	2.76
78,000	Danone	5,192	3.03
8,000	Kering	3,723	2.17
11,000	LVMH Moet Hennessy Louis Vuitton	3,656	2.13
36,000	Pernod Ricard	5,209	3.04
70,000	Renault	3,425	2.00
72,000	Sanofi	4,898	2.86
47,000	Vinci	3,797	2.21
158,000	Vivendi	3,405	1.98
18,000	<b>Germany 26.97% (2018 - 28.02%)</b> adidas	4,376	2.55
136,000	Bayer	7,421	4.33
77,000	Daimler	3,348	1.95
570,000	E.ON	4,890	2.85
85,000	Evonik Industries	1,925	1.12
51,500	Merck	4,265	2.49
36,000	SAP	3,862	2.25
55,000	Siemens	5,126	2.99
49,000	Symrise	3,734	2.18
28,000	Volkswagen Preference Shares	3,687	2.15
27,000	Wirecard	3,609	2.11
2,630,000	<b>Italy 5.42% (2018 - 11.45%)</b> Intesa Sanpaolo	4,434	2.59
500,000	UniCredit	4,855	2.83
272,000	<b>Luxembourg 2.22% (2018 - 3.59%)</b> ArcelorMittal	3,812	2.22
36,000	<b>Netherlands 10.79% (2018 - 5.46%)</b> Airbus	4,018	2.34
50,000	Akzo Nobel	3,690	2.15
106,000	Unilever Depositary receipt	5,052	2.95
350,000	ING	3,201	1.87
168,000	SBM Offshore	2,543	1.48
3,816,355	<b>Norway 2.77% (2018 - 3.80%)</b> Agrinos	971	0.57
99,000	Yara International	3,779	2.20
16,700,000	<b>Portugal 4.78% (2018 - 4.93%)</b> Banco Comercial Portugues	4,060	2.37
345,000	Galp Energia	4,132	2.41

# Neptune European Opportunities Fund

## Investment Manager's report

for the six months ended 30 June 2019 (unaudited) (continued)

The Portfolio statement as at 30 June 2019 (continued)

Holding	Portfolio of investments	Market value £000	Total net assets %
	<b>Spain 6.68% (2018 - 9.30%)</b>		
106,000	ACS Actividades de Construccion y Servicios	3,308	1.93
106,000	ACS Actividades de Construccion y Servicios Rights 11/07/2019	132	0.08
1,350,000	Banco Santander	4,902	2.86
1,380,000	CaixaBank	3,098	1.81
	<b>Sweden 4.15% (2018 - 5.51%)</b>		
202,000	Alfa Laval	3,459	2.02
485,000	Telefonaktiebolaget LM Ericsson	3,659	2.13
	<b>Switzerland 2.45% (2018 - 4.12%)</b>		
16,000	Lonza	4,208	2.45
	<b>Derivatives 0.00% (2018 - 0.01%)</b>		
	<b>Forward Foreign Exchange Contracts 0.00%</b>		
	Bought CHF1,726 for GBP1,375 Settlement 16/07/2019	—	—
	Sold CHF10,851 for GBP8,611 Settlement 16/07/2019	—	—
	Bought DKK4,957 for GBP593 Settlement 16/07/2019	—	—
	Sold DKK83,364 for GBP9,959 Settlement 16/07/2019	—	—
	Bought EUR18,945 for GBP16,909 Settlement 16/07/2019	—	—
	Sold EUR304,697 for GBP271,802 Settlement 16/07/2019	(2)	—
	Bought NOK5,753 for GBP525 Settlement 16/07/2019	—	—
	Sold NOK92,947 for GBP8,468 Settlement 16/07/2019	—	—
	Bought SEK9,775 for GBP818 Settlement 16/07/2019	—	—
	Sold SEK159,691 for GBP13,323 Settlement 16/07/2019	—	—
	Bought USD67 for GBP53 Settlement 16/07/2019	—	—
	Sold USD67 for GBP53 Settlement 16/07/2019	—	—
	Portfolio of investments	169,432	98.81
	Net other assets	2,035	1.19
	Net assets	171,467	100.00

All holdings are ordinary shares or stock units unless otherwise stated.

Comparative figures shown above in brackets relate to 31 December 2018.

# Neptune European Opportunities Fund

## Investment Manager's report

for the six months ended 30 June 2019 (unaudited) (continued)

The top five purchases and sales for the six months are as follows:

<b>Purchases</b>	<b>Cost £000</b>
Siemens	7,128
Danone	6,904
Unilever Depositary receipt	6,817
Pernod Ricard	6,794
Sanofi	6,743

<b>Sales</b>	<b>Proceeds £000</b>
SKF	9,423
Volkswagen Preference Shares	8,799
Continental	7,500
Société Générale	7,162
Daimler	6,693

# Neptune European Opportunities Fund

## Fund information

### Performance record

#### A Income

	30 June 2019	31 December 2018	31 December 2017
Closing net asset value (£000)	1,644	1,707	2,480
Closing number of shares	373,577	428,038	448,711
Closing net asset value per share (p)	440.06	398.84	552.70
Operating Charge Figure <sup>†</sup>	2.07%	1.96%	1.88%

#### A Accumulation

	30 June 2019	31 December 2018	31 December 2017
Closing net asset value (£000)	26,345	27,792	53,427
Closing number of shares	4,857,699	5,788,488	8,285,007
Closing net asset value per share (p)	542.33	480.12	644.86
Operating Charge Figure <sup>†</sup>	2.07%	1.97%	1.88%

#### B Income

	30 June 2019	31 December 2018	31 December 2017
Closing net asset value (£000)	1,449	1,604	3,084
Closing number of shares	320,912	392,975	548,043
Closing net asset value per share (p)	451.43	408.11	562.69
Operating Charge Figure <sup>†</sup>	1.57%	1.46%	1.38%

#### B Accumulation

	30 June 2019	31 December 2018	31 December 2017
Closing net asset value (£000)	1,355	1,703	2,908
Closing number of shares	231,938	330,039	421,842
Closing net asset value per share (p)	584.12	515.87	689.39
Operating Charge Figure <sup>†</sup>	1.57%	1.46%	1.38%

#### C Income

	30 June 2019	31 December 2018	31 December 2017
Closing net asset value (£000)	13,191	22,008	48,380
Closing number of shares	10,046,181	18,595,256	29,797,489
Closing net asset value per share (p)	131.31	118.35	162.36
Operating Charge Figure <sup>†</sup>	1.07%	0.96%	0.88%

#### C Accumulation

	30 June 2019	31 December 2018	31 December 2017
Closing net asset value (£000)	77,705	99,597	189,281
Closing number of shares	44,697,855	65,022,675	92,937,380
Closing net asset value per share (p)	173.85	153.17	203.66
Operating Charge Figure <sup>†</sup>	1.07%	0.96%	0.88%

#### D Accumulation

	30 June 2019	31 December 2018	31 December 2017
Closing net asset value (£000)	6,545	10,025	30,621
Closing number of shares	4,698,526	8,164,242	18,773,918
Closing net asset value per share (p)	139.31	122.79	163.10
Operating Charge Figure <sup>†</sup>	0.97%	0.86%	0.78%

# Neptune European Opportunities Fund

## Fund information (continued)

### Performance record (continued)

#### E Income (Launched 1 December 2017)

	30 June 2019	31 December 2018	31 December 2017
Closing net asset value (€000)	34,259	34,135	37,972
Closing number of shares	40,787,104	45,259,705	37,069,718
Closing net asset value per share (p)	84.00	75.42	102.43
Operating Charge Figure <sup>‡</sup>	0.87%	0.76%	0.70%

#### A Accumulation EUR

	30 June 2019	31 December 2018	31 December 2017
Closing net asset value (€000)	1,928	2,694	7,917
Closing number of shares	1,149,131	1,814,145	3,968,634
Closing net asset value per share (p)	167.76	148.53	199.50
Operating Charge Figure <sup>‡</sup>	2.07%	1.96%	1.88%

#### B Accumulation EUR

	30 June 2019	31 December 2018	31 December 2017
Closing net asset value (€000)	5,644	6,369	23,637
Closing number of shares	3,199,431	4,087,016	11,349,850
Closing net asset value per share (p)	176.40	155.83	208.26
Operating Charge Figure <sup>‡</sup>	1.57%	1.46%	1.38%

#### C Accumulation EUR

	30 June 2019	31 December 2018	31 December 2017
Closing net asset value (€000)	1,166	12,143	50,409
Closing number of shares	1,134,261	13,396,968	41,824,820
Closing net asset value per share (p)	102.84	90.64	120.52
Operating Charge Figure <sup>‡</sup>	1.09%	0.96%	0.88%

#### C Accumulation Hedged (Launched 3 January 2018)

	30 June 2019	31 December 2018
Closing net asset value (€000)	56	528
Closing number of shares	65,556	710,175
Closing net asset value per share (p)	85.68	74.39
Operating Charge Figure <sup>‡</sup>	1.10%	0.98%

#### D Accumulation Hedged (Launched 3 January 2018)

	30 June 2019	31 December 2018
Closing net asset value (€000)	180	9,196
Closing number of shares	210,260	12,391,965
Closing net asset value per share (p)	85.48	74.21
Operating Charge Figure <sup>‡</sup>	1.01%	0.90%

<sup>‡</sup>The OCF includes the annual management charge and other expenses. The OCF of the A share classes are currently capped at 2.13% per annum, the B share classes are currently capped at 1.62% per annum, the C Income share class is currently capped at 1.12% per annum, the C Accumulation share classes are currently capped at 1.11% per annum, the D share classes are currently capped at 1.01% per annum and the E share class is currently capped at 0.91% per annum of the relevant share class net asset value by the ACD. This capping may cease at any

# Neptune European Opportunities Fund

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## Fund information (continued)

### Performance record (continued)

#### Fund performance

The performance of the Fund is shown in the Investment Manager's Report on page 15.

Details of the distributions per share for the year are shown in the distribution tables on page 24.

#### Status

Neptune European Opportunities Fund is a sub-fund of Neptune Investment Funds which is a UCITS scheme.

#### 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 OEIC and the income from it can fall as well as rise and may be affected by exchange rate variations.

# Neptune European Opportunities Fund

## Financial Statements

### Statement of total return

for the six months ended 30 June 2019 (unaudited)

	30 June 2019		30 June 2018	
	£000	£000	£000	£000
Income				
Net capital gains/(losses)		20,255		(46,578)
Revenue	4,751		11,808	
Expenses	(1,152)		(2,476)	
Interest payable and similar charges	(2)		(8)	
Net revenue before taxation	<u>3,597</u>		<u>9,324</u>	
Taxation	(317)		(696)	
Net revenue after taxation		<u>3,280</u>		<u>8,628</u>
Total return before distribution		23,535		(37,950)
Distribution		(1,285)		(2,803)
Change in net assets attributable to shareholders from investment activities		<u>22,250</u>		<u>(40,753)</u>

### Statement of change in net assets attributable to shareholders

for the six months ended 30 June 2019 (unaudited)

	30 June 2019		30 June 2018	
	£000	£000	£000	£000
Opening net assets attributable to shareholders		229,501		450,116
Amounts received on issue of shares	1,398		56,171	
Amounts paid on cancellation of shares	(81,682)		(78,864)	
		(80,284)		(22,693)
Change in net assets attributable to shareholders from investment activities		<u>22,250</u>		<u>(40,753)</u>
Closing net assets attributable to shareholders		<u>171,467</u>		<u>386,670</u>

The opening net assets attributable to shareholders for 30 June 2019 is different to the closing position of the comparative period, this is due to the comparative being an interim period.

# Neptune European Opportunities Fund

## Financial Statements (continued)

### Balance sheet

as at 30 June 2019 (unaudited)

	30 June 2019		31 December 2018	
	£000	£000	£000	£000
<b>Assets</b>				
Fixed assets				
Investments		169,434		225,181
Current assets				
Debtors	3,374		1,817	
Cash and bank balances	873		9,739	
Total current assets		4,247		11,556
Total assets		173,681		236,737
<b>Liabilities</b>				
Investment liabilities		(2)		(9)
Creditors				
Distributions payable	(1,071)		(92)	
Other creditors	(1,141)		(7,135)	
Total other liabilities		(2,212)		(7,227)
Total liabilities		(2,214)		(7,236)
Net assets attributable to shareholders		171,467		229,501

### Notes to the interim financial statements

The interim financial statements have been prepared in accordance with the SORP for Authorised Funds issued by the Investment Association in May 2014.

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2018 and are described in those financial statements.

# Neptune European Opportunities Fund

## Distribution table

for the six months ended 30 June 2019 (unaudited) – in pence per share

### Interim

Group 1-Shares purchased prior to 1 January 2019

Group 2-Shares purchased on or after 1 January 2019 to 30 June 2019

	Net revenue	Equalisation	Payable 31 August 2019	Paid 31 August 2018
<b>A Income shares (p)</b>				
Group 1	10.4297	—	10.4297	13.6227
Group 2	7.3915	3.0382	10.4297	13.6227
<b>B Income shares (p)</b>				
Group 1	10.6621	—	10.6621	13.8921
Group 2	8.9397	1.7224	10.6621	13.8921
<b>C Income shares (p)</b>				
Group 1	3.0312	—	3.0312	4.0153
Group 2	1.9811	1.0501	3.0312	4.0153
<b>E Income shares (p)</b>				
Group 1	1.6998	—	1.6998	2.1414
Group 2	1.3139	0.3859	1.6998	2.1414

The Accumulation share classes have changed distribution frequency and from 30 June 2018 will be distributing only at every year end.

# Neptune Global Alpha Fund

## Investment objective

The investment objective of the Neptune Global Alpha Fund (the 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 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 EPM.

The 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 Fund is at all times eligible to be included in an ISA.

## Risk and reward profile

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



The Fund is in Category 6 because of the high range and frequency of price movements (volatility) of the underlying investments referenced by the Fund.

The following are additional risks not covered by the risk and reward category.

- Investing overseas can bring additional returns and spread risk to different markets. There are risks, however, that changes in currency rates will reduce the value of your investment.
- Emerging markets or less developed countries may face more political, economic or structural challenges than developed countries. This means your money may be at greater risk.
- Bonds are affected by changes in interest rates, inflation and any decline in creditworthiness of the bond issuer. Bonds that produce a higher level of income usually also carry greater risk as such bond issuers may have difficulty in paying their debts.
- The Investment Manager aims to remove the impact of changes in some exchange rates by hedging, a currency transaction which can protect against such movements. However, if exchange rates move contrary to the Investment Manager's expectations this can have a significantly negative impact on the value of your investment.
- This Fund holds a limited number of investments. If one of these investments falls in value this can have a greater impact on the Fund's value than if it held a larger number of investments.
- For a full list of the Fund's risks, please see the Prospectus.

## Investment Manager's report

for the six months ended 30 June 2019 (unaudited)

The Neptune Global Alpha Fund returned 12.5% in the first half of 2019, versus the IA Flexible Investment sector average return of 10.6%. Since inception, the Fund has returned 515.2% in comparison to the IA sector average return of 164.8%. This outperformance has enabled it to rank as the best performer in the IA Flexible Investment over the period.\*

The US equity market snapped back from its slump in the first quarter of the year as the concerns that caused such a poor end to last year diminished. The government shut down finally ended, the US/China trade spat showed signs that the worst outcome was unlikely and fears over an imminent recession were quelled. Most importantly, however, the Fed conducted an about turn on its monetary policy stance. At the end of last year, markets were concerned that the Fed was going to continue to tighten monetary policy despite growing evidence that the US economy was likely to slow from the 2018 run-rate. After a strong first quarter, it was a volatile second quarter thanks to the re-escalation in the US/China trade war. Donald Trump's decision to re-impose \$200bn of tariffs on Chinese goods weighed heavily on investor sentiment, as did his decision to impose tariffs on Mexico (though these were lifted shortly after). This meant emerging markets, led by China, considerably underperformed developed markets as investors became nervous about the growth impact on the world's second largest economy.

We continue to see an attractive backdrop for equities in the US and we have retained our significant weighting here. The portfolio's largest overweight remains in the technology sector, which was a strong contributor in Q1 and continued to be a positive driver in Q2, though the underperformance of a few key stocks unfortunately meant the sector was overall a slight detractor on the Fund's performance in the second quarter. We remain confident in the sector going forward and will continue to maintain our overweight position, though are looking to diversify our holdings within the sector to reduce stock-specific risk.

Despite the re-escalation in the US/China trade war, we remain optimistic in our outlook for the global economy. We believe the macroeconomic backdrop remains supportive, particularly within emerging markets where valuations remain low economic growth continues to improve. We maintain our view that Chinese growth will improve in the second half of the year as the authorities' monetary and fiscal loosening begin to take effect despite the recent uncertainty surrounding US tariffs.

*\*Source: Morningstar, C Accumulation share class performance, in sterling with no initial charges, net revenue reinvested to 30 June 2019. The performance of other share classes may differ. Past performance is not a guide for future performance. The value of an investment and any revenue from it can fall as well as rise as a result of market and currency fluctuations and you may not get back the original amount invested. Investments in emerging markets are higher risk and potentially more volatile than those in established markets. References to specific securities and sectors 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. Forecasts are not a reliable indicator of future performance. Any views expressed are those of Neptune as at the date of issue and we do not undertake to advise you as to any changes in our views. Please refer to the Prospectus for further details.*

# Neptune Global Alpha Fund

## Investment Manager's report

for the six months ended 30 June 2019 (unaudited) (continued)

The Portfolio statement as at 30 June 2019 is as follows:

Holding	Portfolio of investments	Market value £000	Total net assets %
	<b>Chile 2.29% (2018 - 2.12%)</b>		
260,000	Antofagasta	2,387	2.29
	<b>China 8.19% (2018 - 8.22%)</b>		
16,000	Alibaba ADR	2,156	2.07
11,500	Baidu ADR	1,052	1.01
300,000	Ping An Insurance	2,840	2.72
70,000	Tencent	2,490	2.39
	<b>Hong Kong 2.51% (2018 - 3.08%)</b>		
1,875,000	Mandarin Oriental International	2,616	2.51
	<b>Ireland 0.00% (2018 - 2.53%)</b>		
	<b>Israel 1.53% (2018 - 0.00%)</b>		
16,000	CyberArk Software	1,600	1.53
	<b>Japan 6.97% (2018 - 6.47%)</b>		
158,000	CYBERDYNE	722	0.69
80,000	Jafco	2,307	2.21
110,000	Optex	1,085	1.04
40,000	SoftBank	1,510	1.45
40,000	Sony	1,652	1.58
	<b>Switzerland 0.98% (2018 - 2.10%)</b>		
385,000	Glencore	1,027	0.98
	<b>United Kingdom 14.95% (2018 - 13.95%)</b>		
120,000	3i	1,334	1.28
459,752	Cambridge Innovation Capital (Private Equity)	407	0.39
670,192	Cambridge Innovation Capital 'A' (Private Equity)*	—	—
500,000	Induction Healthcare	585	0.55
250,000	IP	187	0.18
3,041	Navenio (Private Equity)	225	0.22
2,040,000	Neptune Emerging Markets Fund 'C' Acc†	3,415	3.27
601,000	Neptune Global Smaller Companies Fund 'C' Acc†	1,032	0.99
1,980,000	Neptune Global Technology Fund†	4,461	4.28
810,000	Neptune Latin America Fund 'C' Acc†	1,055	1.01
1,331	Oxford Nanoimaging (Private Equity)	231	0.22
9,662	Oxford Nanopore Technologies (Private Equity)	500	0.48
833,334	Oxford Sciences Innovation (Private Equity)	1,000	0.96
3,085	Oxford VR (Private Equity)	100	0.10
471	Oxstem (Private Equity)	100	0.10
406	Proxisense (Private Equity)	100	0.10
7,455	Ultromics (Private Equity)	500	0.48
322	Vaccitech 'A' (Private Equity)	350	0.34
	<b>United States 61.40% (2018 - 51.03%)</b>		
57,000	8x8	1,060	1.01
5,000	Alphabet 'A'	4,243	4.07
3,500	Amazon.com	5,251	5.04
16,000	ANSYS	2,533	2.43
45,000	Arthur J Gallagher	3,048	2.92
60,000	Brown-Forman 'B'	2,613	2.51
29,000	CME	4,431	4.25
20,000	Electronic Arts	1,562	1.50
15,000	Evercore	1,046	1.00

# Neptune Global Alpha Fund

## Investment Manager's report

for the six months ended 30 June 2019 (unaudited) (continued)

The Portfolio statement as at 30 June 2019 (continued)

Holding	Portfolio of investments	Market value £000	Total net assets %
17,000	Fortinet	1,028	0.99
115,000	Horizon Therapeutics	2,180	2.09
18,000	Intercontinental Exchange	1,213	1.16
8,000	Intuitive Surgical	3,265	3.13
30,000	Mimecast	1,090	1.05
37,000	NGM Biopharmaceuticals	427	0.41
15,000	NVIDIA	1,930	1.85
5,000	Okta	484	0.46
13,000	Palo Alto Networks	2,099	2.01
18,000	Pegasystems	998	0.96
60,000	Perspecta	1,090	1.05
8,000	PTC	553	0.53
96,000	Rapid7	4,221	4.05
35,000	RingCentral	3,158	3.03
20,000	Square 'A'	1,124	1.08
14,000	SVB Financial	2,441	2.34
39,000	Twilio	4,218	4.04
14,000	United Rentals	1,455	1.40
23,000	Visa 'A'	3,102	2.97
12,000	Xilinx	1,118	1.07
15,000	Zendesk	1,043	1.00
	<b>Derivatives 0.21% (2018 - 5.53%)</b>		
	<b>Options 0.21%</b>		
38	FTSE 100 Index 7000 Put 20/12/2019	57	0.05
34	NASDAQ 100 E-Mini Futures 7500 Put 21/12/2019	162	0.16
	Portfolio of investments	103,269	99.03
	Net other assets	1,011	0.97
	Net assets	104,280	100.00

All holdings are ordinary shares or stock units unless otherwise stated.

Comparative figures shown above in brackets relate to 31 December 2018.

†Represents investment into a Neptune Collective Investment Scheme product.

\*Commitment shares.

Stocks shown as ADRs represent American Depositary Receipts.

# Neptune Global Alpha Fund

## Investment Manager's report

for the six months ended 30 June 2019 (unaudited) (continued)

The top five purchases and sales for the six months are as follows:

<b>Purchases</b>	<b>Cost £000</b>
Neptune Global Technology Fund†	3,867
Arthur J Gallagher	2,682
NASDAQ 100 E-mini Futures 6500 Put 21/06/2019	1,940
CyberArk Software	1,607
SoftBank	1,442

<b>Sales</b>	<b>Proceeds £000</b>
Red Hat	2,766
Twilio	2,681
NASDAQ 100 E-mini Futures 6950 Put 15/03/2019	2,551
LivaNova	2,005
Rapid7	1,803

†Represents investment into a Neptune Collective Investment Scheme product.

# Neptune Global Alpha Fund

## Fund information

### Performance record

#### A Accumulation

	30 June 2019	31 December 2018	31 December 2017
Closing net asset value (£000)	28,556	27,163	29,636
Closing number of shares	5,300,974	5,647,708	6,020,758
Closing net asset value per share (p)	538.68	480.97	492.22
Operating Charge Figure <sup>‡</sup>	2.05%	2.05%	2.09%

#### C Accumulation

	30 June 2019	31 December 2018	31 December 2017
Closing net asset value (£000)	75,724	69,043	60,343
Closing number of shares	12,312,972	12,643,997	10,924,880
Closing net asset value per share (p)	614.99	546.05	552.34
Operating Charge Figure <sup>‡</sup>	0.91%	0.89%	0.89%

<sup>‡</sup>The OCF includes the annual management charge and other expenses. The OCF of the A share class is currently capped at 2.20% per annum and the C share class is currently capped at 1.04% per annum of the relevant share class net asset value by the ACD. This capping may cease at any time.

### Fund performance

The performance of the Fund is shown in the Investment Manager's Report on page 26.

### Status

Neptune Global Alpha Fund is a sub-fund of Neptune Investment Funds which is a UCITS scheme.

### 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 OEIC and the income from it can fall as well as rise and may be affected by exchange rate variations.

## Financial Statements

### Statement of total return

for the six months ended 30 June 2019 (unaudited)

	30 June 2019		30 June 2018	
	£000	£000	£000	£000
Income				
Net capital gains		12,094		5,998
Revenue	478		453	
Expenses	(584)		(561)	
Interest payable and similar charges	—		—	
Net expense before taxation	(106)		(108)	
Taxation	(29)		(35)	
Net expense after taxation		(135)		(143)
Total return before equalisation		11,959		5,855
Equalisation		6		(4)
Change in net assets attributable to shareholders from investment activities		11,965		5,851

### Statement of change in net assets attributable to shareholders

for the six months ended 30 June 2019 (unaudited)

	30 June 2019		30 June 2018	
	£000	£000	£000	£000
Opening net assets attributable to shareholders		96,206		89,979
Amounts received on issue of shares	6,248		10,312	
Amounts paid on cancellation of shares	(10,139)		(3,695)	
		(3,891)		6,617
Change in net assets attributable to shareholders from investment activities		11,965		5,851
Closing net assets attributable to shareholders		104,280		102,447

The opening net assets attributable to shareholders for 30 June 2019 is different to the closing position of the comparative period, this is due to the comparative being an interim period.

# Neptune Global Alpha Fund

## Financial Statements (continued)

### Balance sheet

as at 30 June 2019 (unaudited)

	30 June 2019		31 December 2018	
	£000	£000	£000	£000
<b>Assets</b>				
Fixed assets				
Investments		103,269		91,427
Current assets				
Debtors	1,350		175	
Cash and bank balances	1,157		5,520	
Total current assets		2,507		5,695
Total assets		105,776		97,122
<b>Liabilities</b>				
Creditors				
Other creditors	(1,496)		(916)	
Total liabilities		(1,496)		(916)
Net assets attributable to shareholders		104,280		96,206

### Notes to the interim financial statements

The interim financial statements have been prepared in accordance with the SORP for Authorised Funds issued by the Investment Association in May 2014.

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2018 and are described in those financial statements.

# Neptune Global Equity Fund

## Investment objective

The investment objective of the Neptune Global Equity Fund (the 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 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.

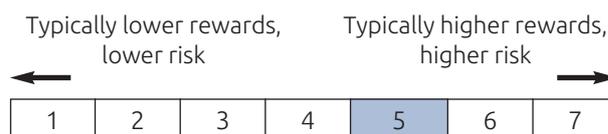
It is anticipated that derivative instruments and forward transactions may be used by the ACD for EPM.

It is the intention to be near-fully invested at all times, however, the 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 Fund is at all times eligible to be included in an ISA.

## Risk and reward profile

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



The Fund is in Category 5 because of the high range and frequency of price movements (volatility) of the underlying investments referenced by the Fund.

The following are additional risks not covered by the risk and reward category.

- Investing overseas can bring additional returns and spread risk to different markets. There are risks, however, that changes in currency rates will reduce the value of your investment.
- Emerging markets or less developed countries may face more political, economic or structural challenges than developed countries. This means your money may be at greater risk.
- The Investment Manager aims to remove the impact of changes in some exchange rates by hedging, a currency transaction which can protect against such movements. However, if exchange rates move contrary to the Investment Manager's expectations this can have a significantly negative impact on the value of your investment.
- This Fund holds a limited number of investments. If one of these investments falls in value this can have a greater impact on the Fund's value than if it held a larger number of investments.
- For a full list of the Fund's risks, please see the Prospectus.

## Investment Manager's report

for the six months ended 30 June 2019 (unaudited)

The Neptune Global Equity Fund returned 11.1% in the first half of 2019, versus the MSCI World Index return of 17.5% and IA Global sector average gain of 16.9%. The Fund has returned 412.5% since inception, in comparison to the benchmark's 284.5% gain and sector average return of 213.9%, placing it in the top quartile of the peer group.\*

The US equity market snapped back from its slump in the first quarter of the year as the concerns that caused such a poor end to last year diminished. The government shut down finally ended, the US/China trade spat showed signs that the worst outcome was unlikely and fears over an imminent recession were quelled. Most importantly, however, the Fed conducted an about turn on its monetary policy stance. At the end of last year, markets were concerned that the Fed was going to continue to tighten monetary policy despite growing evidence that the US economy was likely to slow from the 2018 run-rate. After a strong first quarter, it was a volatile second quarter thanks to the re-escalation in the US/China trade war. Donald Trump's decision to re-impose \$200bn of tariffs on Chinese goods weighed heavily on investor sentiment, as did his decision to impose tariffs on Mexico (though these were lifted shortly after). This meant emerging markets, led by China, considerably underperformed developed markets as investors became nervous about the growth impact on the world's second largest economy.

The Fund's relative underperformance against the Index and peer group in the first quarter of the year can almost entirely be attributed to its put option allocation, which had played a significant part in its outperformance over the final months of 2018. We have since sold down our options on the Nasdaq, S&P 500 and FTSE 100 indices puts. The Fund's underperformance in the second quarter of the year was primarily driven by its exposure to emerging markets, notably our Chinese holdings such as Baidu, which fell as result of the US/China trade war and

thanks to a poor Q1 earnings update. Our exposure to the materials sector also detracted from returns as investors became increasingly concerned about global economic growth. This included our holding in Glencore, which fell as a result of allegations of corruption and a relatively subdued update to the market.

Despite the re-escalation in the US/China trade war, we remain optimistic in our outlook for the global economy. We believe the macroeconomic backdrop remains supportive, particularly within emerging markets where valuations remain low economic growth continues to improve. We maintain our view that Chinese growth will improve in the second half of the year as the authorities' monetary and fiscal loosening begin to take effect despite the recent uncertainty surrounding US tariffs.

*\*Source: Morningstar, C Accumulation share class performance, in sterling with no initial charges, net revenue reinvested to 30 June 2019. The performance of other share classes may differ. Past performance is not a guide for future performance. The value of an investment and any revenue from it can fall as well as rise as a result of market and currency fluctuations and you may not get back the original amount invested. Investments in emerging markets are higher risk and potentially more volatile than those in established markets. References to specific securities and sectors 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. Forecasts are not a reliable indicator of future performance. Any views expressed are those of Neptune as at the date of issue and we do not undertake to advise you as to any changes in our views. Please refer to the Prospectus for further details.*

# Neptune Global Equity Fund

## Investment Manager's report

for the six months ended 30 June 2019 (unaudited) (continued)

The Portfolio statement as at 30 June 2019 is as follows:

Holding	Portfolio of investments	Market value £000	Total net assets %
99,500	<b>Canada 0.00% (2018 - 0.00%)</b> Nebex Resources *	—	—
260,000	<b>Chile 1.42% (2018 - 1.23%)</b> Antofagasta	2,387	1.42
33,000	<b>China 10.11% (2018 - 10.14%)</b> Alibaba ADR	4,446	2.64
29,000	Baidu ADR	2,652	1.58
500,000	Ping An Insurance 'H'	4,734	2.82
145,000	Tencent	5,157	3.07
4,000,000	<b>Hong Kong 3.32% (2018 - 3.84%)</b> Mandarin Oriental International	5,580	3.32
110,000	<b>Japan 7.82% (2018 - 7.88%)</b> Jafco	3,172	1.89
230,000	Japan Exchange	2,877	1.71
7,000	Keyence	3,383	2.01
90,000	Sony	3,717	2.21
110,000	<b>Netherlands 1.69% (2018 - 1.54%)</b> Royal Dutch Shell 'A'	2,839	1.69
600,000	<b>Switzerland 0.95% (2018 - 1.07%)</b> Glencore	1,601	0.95
400,000	<b>United Kingdom 11.15% (2018 - 13.65%)</b> HSBC	2,625	1.56
2,301,000	Neptune Emerging Markets Fund 'C' Acc†	3,852	2.29
1,600,000	Neptune Global Income Fund 'C' Acc†	2,968	1.77
4,123,000	Neptune Global Technology Fund 'C' Acc†	9,289	5.53
14,000	<b>United States 62.04% (2018 - 53.89%)</b> Adobe	3,235	1.94
9,500	Alphabet 'A'	8,061	4.80
6,500	Amazon.com	9,752	5.80
42,000	Apple	6,611	3.93
65,000	Arthur J Gallagher	4,403	2.62
110,000	Brown-Forman 'B'	4,791	2.85
62,000	CME	9,474	5.64
48,000	Electronic Arts	3,751	2.23
12,000	Facebook 'A'	1,792	1.07
30,000	Fortive	1,900	1.13
17,000	Home Depot	2,774	1.65
27,000	Honeywell International	3,700	2.20
40,000	JPMorgan Chase	3,430	2.04
90,000	Microsoft	9,515	5.66
32,000	NVIDIA	4,117	2.45
40,000	Palo Alto Networks	6,459	3.84
25,000	PayPal	2,240	1.33
80,000	Rapid7	3,517	2.09
10,000	SVB Financial	1,744	1.04
21,000	Twilio 'A'	2,271	1.35
10,000	UnitedHealth	1,942	1.16
65,000	Visa 'A'	8,765	5.22

# Neptune Global Equity Fund

## Investment Manager's report

for the six months ended 30 June 2019 (unaudited) (continued)

The Portfolio statement as at 30 June 2019 (continued)

Holding	Portfolio of investments	Market value £000	Total net assets %
	<b>Derivatives 0.21% (2018 - 6.00%)</b>		
	<b>Options 0.21%</b>		
55	FTSE 100 Index 7000 Put 20/12/2019	82	0.05
55	NASDAQ 100 E-Mini Futures 7000 Put 20/12/2019	262	0.16
	Portfolio of investments	165,867	98.71
	Net other assets	2,163	1.29
	Net assets	168,030	100.00

All holdings are ordinary shares or stock units unless otherwise stated.

Comparative figures shown above in brackets relate to 31 December 2018.

Stocks shown as ADRs represent American Depositary Receipts.

\*Non voting depositary receipts.

†Represents investment into a Neptune Collective Investment Scheme product.

The top five purchases and sales for the six months are as follows:

Purchases	Cost £000
Arthur J Gallagher	3,883
NASDAQ 100 E-Mini Futures 6500 Put 21/06/2019	3,272
Neptune Global Income Fund 'C' Acc <sup>†</sup>	2,982
PayPal	1,816
Facebook 'A'	1,805
Sales	Proceeds £000
Neptune Emerging Markets Fund 'C' Acc <sup>†</sup>	5,889
NASDAQ 100 E-Mini Futures 6950 Put 15/03/2019	4,444
Willis Towers Watson	3,917
SVB Financial	3,117
JPMorgan Chase	2,171

†Represents investment into a Neptune Collective Investment Scheme product.

# Neptune Global Equity Fund

## Fund information

### Performance record

#### A Income

	30 June 2019	31 December 2018	31 December 2017
Closing net asset value (£000)	2,145	2,285	2,578
Closing number of shares	1,465,163	1,718,500	1,844,881
Closing net asset value per share (p)	146.43	132.98	139.71
Operating Charge Figure <sup>†</sup>	1.86%	1.80%	1.81%

#### A Accumulation

	30 June 2019	31 December 2018	31 December 2017
Closing net asset value (£000)	50,541	56,731	76,440
Closing number of shares	10,515,837	13,074,648	16,965,987
Closing net asset value per share (p)	480.62	433.90	450.55
Operating Charge Figure <sup>†</sup>	1.86%	1.80%	1.81%

#### B Accumulation

	30 June 2019	31 December 2018	31 December 2017
Closing net asset value (£000)	4,794	7,621	11,979
Closing number of shares	915,770	1,616,057	2,457,227
Closing net asset value per share (p)	523.52	471.59	487.50
Operating Charge Figure <sup>†</sup>	1.41%	1.34%	1.36%

#### C Income

	30 June 2019	31 December 2018	31 December 2017
Closing net asset value (£000)	6,203	5,798	7,216
Closing number of shares	4,047,937	4,185,007	5,003,068
Closing net asset value per share (p)	153.24	138.54	144.24
Operating Charge Figure <sup>†</sup>	0.96%	0.89%	0.90%

#### C Accumulation

	30 June 2019	31 December 2018	31 December 2017
Closing net asset value (£000)	101,603	90,136	100,726
Closing number of shares	52,486,420	51,806,661	56,262,212
Closing net asset value per share (p)	193.58	173.98	179.03
Operating Charge Figure <sup>†</sup>	0.96%	0.89%	0.90%

#### C Accumulation EUR

	30 June 2019	31 December 2018	31 December 2017
Closing net asset value (£000)	96	43	50
Closing number of shares	43,873	21,978	24,543
Closing net asset value per share (p)	219.30	197.02	202.73
Operating Charge Figure <sup>†</sup>	0.96%	0.89%	0.90%

#### A Accumulation USD

	30 June 2019	31 December 2018	31 December 2017
Closing net asset value (£000)	2,648	2,218	3,051
Closing number of shares	1,734,832	1,609,942	2,132,803
Closing net asset value per share (p)	152.60	137.78	143.06
Operating Charge Figure <sup>†</sup>	1.86%	1.80%	1.81%

# Neptune Global Equity Fund

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## Fund information (continued)

### Performance record (continued)

†The OCF includes the annual management charge and other expenses. The OCF of the A share classes are currently capped at 1.97% per annum, the B share class is currently capped at 1.51% per annum and the C share classes are currently capped at 1.06% per annum of the relevant share class net asset value by the ACD. This capping may cease at any time.

### Fund performance

The performance of the Fund is shown in the Investment Manager's Report on page 34.

Details of the distributions per share for the year are shown in the distribution tables on page 41.

### Status

Neptune Global Equity Fund is a sub-fund of Neptune Investment Funds which is a UCITS scheme.

### 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 OEIC and the income from it can fall as well as rise and may be affected by exchange rate variations.

# Neptune Global Equity Fund

## Financial Statements

### Statement of total return

for the six months ended 30 June 2019 (unaudited)

	30 June 2019		30 June 2018	
	£000	£000	£000	£000
Income				
Net capital gains		17,935		10,971
Revenue	1,221		1,514	
Expenses	(1,040)		(1,254)	
Interest payable and similar charges	—		(1)	
Net revenue before taxation	<u>181</u>		<u>259</u>	
Taxation	(103)		(151)	
Net revenue after taxation		<u>78</u>		<u>108</u>
Total return before distribution		<u>18,013</u>		<u>11,079</u>
Distribution		<u>(37)</u>		<u>(71)</u>
Change in net assets attributable to shareholders from investment activities		<u>17,976</u>		<u>11,008</u>

### Statement of change in net assets attributable to shareholders

for the six months ended 30 June 2019 (unaudited)

	30 June 2019		30 June 2018	
	£000	£000	£000	£000
Opening net assets attributable to shareholders		164,902		202,246
Amounts received on issue of shares	18,403		6,003	
Amounts paid on cancellation of shares	<u>(33,252)</u>		<u>(16,885)</u>	
		(14,849)		(10,882)
Dilution adjustment charged		1		—
Change in net assets attributable to shareholders from investment activities		<u>17,976</u>		<u>11,008</u>
Closing net assets attributable to shareholders		<u>168,030</u>		<u>202,372</u>

The opening net assets attributable to shareholders for 30 June 2019 is different to the closing position of the comparative period, this is due to the comparative being an interim period.

# Neptune Global Equity Fund

## Financial Statements (continued)

### Balance sheet

as at 30 June 2019 (unaudited)

	30 June 2019		31 December 2018	
	£000	£000	£000	£000
<b>Assets</b>				
Fixed assets				
Investments		165,867		163,652
Current assets				
Debtors	3,340		272	
Cash and bank balances	2,445		3,211	
Total current assets		5,785		3,483
Total assets		171,652		167,135
<b>Liabilities</b>				
Creditors				
Distribution payable	(50)		(41)	
Other creditors	(3,572)		(2,192)	
Total liabilities		(3,622)		(2,233)
Net assets attributable to shareholders		168,030		164,902

### Notes to the interim financial statements

The interim financial statements have been prepared in accordance with the SORP for Authorised Funds issued by the Investment Association in May 2014.

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2018 and are described in those financial statements.

# Neptune Global Equity Fund

## Distribution table

for the six months ended 30 June 2019 (unaudited) – in pence per share

### Interim

Group 1-Shares purchased prior to 1 January 2019

Group 2-Shares purchased on or after 1 January 2019 to 30 June 2019

	Net revenue	Equalisation	Payable 31 August 2019	Paid 31 August 2018
<b>A Income shares (p)</b>				
Group 1	0.8777	—	0.8777	0.9770
Group 2	0.4670	0.4107	0.8777	0.9770
<b>C Income shares (p)</b>				
Group 1	0.9164	—	0.9164	1.0074
Group 2	0.3078	0.6086	0.9164	1.0074

The Accumulation share classes have changed distribution frequency and from 30 June 2018 will be distributing only at every year end.

# Neptune Global Income Fund

## Investment objective

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

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

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

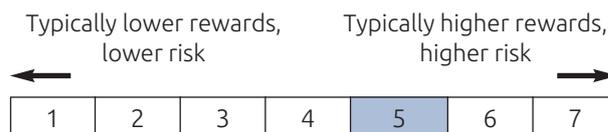
It is anticipated that derivative instruments and forward transactions may be used by the ACD for EPM.

It is the intention to be near-fully invested at all times but the 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 Fund is at all times eligible to be included in an ISA.

## Risk and reward profile

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



The Fund is in Category 5 because of the high range and frequency of price movements (volatility) of the underlying investments referenced by the Fund.

The following are additional risks not covered by the risk and reward category.

- The level of income is not guaranteed.
- Investing overseas can bring additional returns and spread risk to different markets. There are risks, however, that changes in currency rates will reduce the value of your investment.
- The Investment Manager aims to remove the impact of changes in some exchange rates by hedging, a currency transaction which can protect against such movements. However, if exchange rates move contrary to the Investment Manager's expectations this can have a significantly negative impact on the value of your investment.
- This Fund holds a limited number of investments. If one of these investments falls in value this can have a greater impact on the Fund's value than if it held a larger number of investments.
- For a full list of the Fund's risks, please see the Prospectus.

## Investment Manager's report

for the six months ended 30 June 2019 (unaudited)

The Neptune Global Income Fund returned 24.3% in the first half of 2019 versus the IA Global Equity Income sector average and the MSCI World Index, which returned 14.4% and 17.5% respectively.\*

After a volatile end to 2018, liquidity returned to equity markets in early January providing impetus for a strong market rebound in the first half of the year. Monetary policy supported this rally, driving the MSCI World up 17.5% over this period. Driving the outperformance of the Fund in the first half of the year were stock-specific moves. In particular, Constellation Software, Facebook and Moody's all performed exceedingly well as the companies continued to deliver higher than expected earnings growth, while detractors included United Health and Becton Dickinson due to increased uncertainty over healthcare regulatory changes in the US.

An important theme across the portfolio is holding companies that invest a significant amount of cash in intangible assets, such as R&D and brands, which are not reflected on the balance sheet. Therefore, we expect companies within our portfolio, on average, to beat analysts' expectations, who tend to underappreciate the earnings power of the businesses we seek to invest in. Over the period we have experienced a higher level of turnover than expected due to significant divergence between price and value for a couple of key holdings, leading us to exit positions and an unexpected deterioration in certain areas of the global economy. As usual,

earnings season produced a number of opportunities for us to make new investments in exceptional companies which were oversold due to transitory factors or an idiosyncratic event, enabling us to reinvest outstanding cash.

Brexit uncertainty and trade tensions continue to drag on corporate activity and consumer sentiment but we remain positive as the market climbs a wall of worry.

*\*Source: Morningstar, C Accumulation share class performance, in sterling with no initial charges, net revenue reinvested to 30 June 2019. The performance of other share classes may differ. Past performance is not a guide for future performance. The value of an investment and any revenue from it can fall as well as rise as a result of market and currency fluctuations and you may not get back the original amount invested. References to specific securities and sectors 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. Forecasts are not a reliable indicator of future performance. Any views expressed are those of Neptune as at the date of issue and we do not undertake to advise you as to any changes in our views. Please refer to the Prospectus for further details.*

# Neptune Global Income Fund

## Investment Manager's report

for the six months ended 30 June 2019 (unaudited) (continued)

The Portfolio statement as at 30 June 2019 is as follows:

Holding	Portfolio of investments	Market value £000	Total net assets %
8,000	<b>Australia 3.13% (2018 - 0.00%)</b> Commonwealth Bank of Australia	366	3.13
480	<b>Canada 2.99% (2018 - 3.93%)</b> Constellation Software	350	2.99
9,600	<b>China 2.91% (2018 - 6.56%)</b> Tencent	341	2.91
3,200	<b>Denmark 2.05% (2018 - 0.00%)</b> Chr Hansen	240	2.05
3,100	<b>Germany 2.96% (2018 - 3.41%)</b> Deutsche Boerse	346	2.96
10,000	<b>India 4.38% (2018 - 0.00%)</b> HDFC Bank	278	2.38
28,000	Infosys	234	2.00
35,000	<b>Japan 2.80% (2018 - 8.13%)</b> SUMCO	328	2.80
15,000	<b>New Zealand 4.95% (2018 - 8.38%)</b> Contact Energy	63	0.54
75,000	Spark New Zealand	157	1.34
24,000	Trustpower	94	0.80
80,000	Z Energy	266	2.27
14,000	<b>Russia 5.11% (2018 - 2.44%)</b> Gazprom Neft ADR	348	2.97
14,000	MMC Norilsk Nickel ADR	250	2.14
33,000	<b>South Africa 2.50% (2018 - 0.00%)</b> Shoprite	292	2.50
5,800	<b>Spain 3.10% (2018 - 0.00%)</b> Amadeus IT	363	3.10
	<b>Switzerland 0.00% (2018 - 2.76%)</b>		
25,000	<b>United Kingdom 6.81% (2018 - 5.26%)</b> Diploma	383	3.27
6,700	Reckitt Benckiser	414	3.54
	<b>United States 55.46% (2018 - 64.90%)</b>		
430	Alphabet 'A'	365	3.12
2,000	American Tower	324	2.77
8,100	AO Smith	294	2.51
2,300	Apple	362	3.09
4,500	Arthur J Gallagher	305	2.61
1,800	Becton Dickinson	353	3.02
1,100	Boeing	315	2.69
4,000	Chase	333	2.85
2,400	CME	367	3.14
9,500	eBay	294	2.51
2,300	Facebook 'A'	344	2.94
1,500	Intuit	305	2.61
3,600	Microsoft	381	3.26
2,300	Moody's	354	3.02
1,050	Roper Technologies	300	2.56

# Neptune Global Income Fund

## Investment Manager's report

for the six months ended 30 June 2019 (unaudited) (continued)

The Portfolio statement as at 30 June 2019 (continued)

Holding	Portfolio of investments	Market value £000	Total net assets %
1,400	Thermo Fisher Scientific	324	2.77
4,200	Thor Industries	193	1.65
8,300	TJX	346	2.96
1,300	UnitedHealth	252	2.15
2,800	Visa 'A'	378	3.23
	Portfolio of investments	11,602	99.15
	Net other assets	99	0.85
	Net assets	11,701	100.00

All holdings are ordinary shares or stock units unless otherwise stated.

Comparative figures shown above in brackets relate to 31 December 2018.

Stocks shown as ADRs represent American Depositary Receipts.

The top five purchases and sales for the six months are as follows:

Purchases	Cost £000
Reckitt Benckiser	474
Amadeus IT	375
Deutsche Boerse	361
Commonwealth Bank of Australia	357
TJX	344

Sales	Proceeds £000
Oriflame	219
Alibaba ADR	217
JPMorgan Chase	202
Starbucks	196
Glencore	169

Stocks shown as ADRs represent American Depositary Receipts.

# Neptune Global Income Fund

## Fund information

### Performance record

#### C Income

	30 June 2019	31 December 2018	31 December 2017
Closing net asset value (£000)	2,497	923	1,163
Closing number of shares	1,650,877	745,644	870,031
Closing net asset value per share (p)	151.20	123.79	133.70
Operating Charge Figure <sup>‡</sup>	1.20%	1.20%	1.30%

#### C Accumulation

	30 June 2019	31 December 2018	31 December 2017
Closing net asset value (£000)	9,204	1,154	1,116
Closing number of shares	4,944,641	769,328	705,813
Closing net asset value per share (p)	186.13	149.99	158.07
Operating Charge Figure <sup>‡</sup>	1.20%	1.20%	1.30%

<sup>‡</sup>The OCF includes the annual management charge and other expenses. The OCF of the C share classes are currently capped at 1.20% per annum of the relevant share class net asset value by the ACD. This capping may cease at any time.

### Fund performance

The performance of the Fund is shown in the Investment Manager's Report on page 43.

Details of the distributions per share for the six months are shown in the distribution tables on page 49.

### Status

Neptune Global Income Fund is a sub-fund of Neptune Investment Funds which is a UCITS scheme.

### 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 OEIC and the income from it can fall as well as rise and may be affected by exchange rate variations.

# Neptune Global Income Fund

## Financial Statements

### Statement of total return

for the six months ended 30 June 2019 (unaudited)

	30 June 2019		30 June 2018	
	£000	£000	£000	£000
Income				
Net capital gains/(losses)		1,073		(3)
Revenue	102		87	
Expenses	(48)		(52)	
Interest payable and similar charges	—		—	
Net revenue before taxation	54		35	
Taxation	(11)		(8)	
Net revenue after taxation		43		27
Total return before equalisation/distribution		1,116		24
Equalisation/distribution		52		(60)
Change in net assets attributable to shareholders from investment activities		1,168		(36)

### Statement of change in net assets attributable to shareholders

for the six months ended 30 June 2019 (unaudited)

	30 June 2019		30 June 2018	
	£000	£000	£000	£000
Opening net assets attributable to shareholders		4,787		7,162
Amounts received on issue of shares	6,331		299	
Amounts paid on cancellation of shares	(595)		(944)	
		5,736		(645)
Dilution adjustment charged		10		—
Change in net assets attributable to shareholders from investment activities		1,168		(36)
Retained distribution on accumulation shares		—		20
Closing net assets attributable to shareholders		11,701		6,501

The opening net assets attributable to shareholders for 30 June 2019 is different to the closing position of the comparative period, this is due to the comparative being an interim period.

# Neptune Global Income Fund

## Financial Statements (continued)

### Balance sheet

as at 30 June 2019 (unaudited)

	30 June 2019		31 December 2018	
	£000	£000	£000	£000
<b>Assets</b>				
Fixed assets				
Investments		11,602		5,063
Current assets				
Debtors	6,025		595	
Cash and bank balances	7		19	
	<u>        </u>		<u>        </u>	
Total current assets		6,032		614
Total assets		<u>17,634</u>		<u>5,677</u>
<b>Liabilities</b>				
Creditors				
Bank overdrafts	(784)		—	
Distribution payable	(28)		(15)	
Other creditors	(5,121)		(875)	
	<u>        </u>		<u>        </u>	
Total liabilities		(5,933)		(890)
Net assets attributable to shareholders		<u>11,701</u>		<u>4,787</u>

### Notes to the interim financial statements

The interim financial statements have been prepared in accordance with the SORP for Authorised Funds issued by the Investment Association in May 2014.

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2018 and are described in those financial statements.

# Neptune Global Income Fund

## Distribution table

for the six months ended 30 June 2019 (unaudited) – in pence per share

### 1st Quarter

Group 1-Shares purchased prior to 1 January 2019

Group 2-Shares purchased on or after 1 January 2019 to 31 March 2019

	Net revenue	Equalisation	Paid 31 May 2019	Paid 31 May 2018
<b>C Income shares</b>				
Group 1	0.6838	—	0.6838	0.7740
Group 2	0.3093	0.3745	0.6838	0.7740

### Interim

Group 1-Shares purchased prior to 1 April 2019

Group 2-Shares purchased on or after 1 April 2019 to 30 June 2019

	Net revenue	Equalisation	Payable 31 August 2019	Paid 31 August 2018
<b>C Income shares</b>				
Group 1	1.6663	—	1.6663	0.7629
Group 2	0.9614	0.7049	1.6663	0.7629

The Accumulation share classes have changed distribution frequency and from 30 June 2018 will be distributing only at every year end.

# Neptune Income Fund

## Investment objective

The investment objective of the Neptune Income Fund (the 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 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.

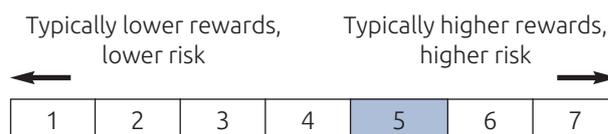
It is anticipated that derivative instruments and forward transactions may be used by the ACD for EPM.

It is the intention to be near-fully invested at all times, however, the 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 Fund is at all times eligible to be included in an ISA.

## Risk and reward profile

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



The Fund is in Category 5 because of the high range and frequency of price movements (volatility) of the underlying investments referenced by the Fund.

The following are additional risks not covered by the risk and reward category.

- The level of income is not guaranteed.
- Investing overseas can bring additional returns and spread risk to different markets. There are risks, however, that changes in currency rates will reduce the value of your investment.
- Fixed interest stocks are the debts of governments and companies generally in the form of bonds. Bonds are affected by changes in interest rates, inflation and any decline in creditworthiness of the borrower (i.e. the bond issuer). Bonds that produce a higher level of income usually also carry greater risk as such bond issuers may have difficulty in repaying their financial obligations.
- The Investment Manager aims to remove the impact of changes in exchange rates by hedging, a currency transaction which can protect against such movements. However, if exchange rates move contrary to the Investment Manager's expectations this can have a significant negative impact on the value of your investment.
- This Fund holds a limited number of investments. If one of these investments falls in value this can have a greater impact on the Fund's value than if it held a larger number of investments.
- For a full list of the Fund's risks, please see the Prospectus.

## Investment Manager's report

for the six months ended 30 June 2019 (unaudited)

The Neptune Income Fund returned 13.1% in the first half of 2019, outperforming the IA UK Equity Income sector average and the FTSE All-Share Index's respective gains of 10.8% and 13.0%. The Fund is ranked in the top decile of the IA peer group over 1, 3, 5 years and since launch.\*

It was a positive six months for global equities, with markets rebounding strongly from the painful Q4 2018 sell-off. However, though returns have been strong, this masks the high levels of volatility in Q2. Indeed, equity returns over the first half of the year were almost entirely generated in the first three months of the year, with markets moving sideways from April. There were numerous factors behind the market rally, including an easing in trade tensions between the US and China (though this reversed in May, leading to a retraction in the market), signs of improvement in China's economic data and an increasingly dovish US Federal Reserve. The UK market benefited from the generally risk-on conditions globally, despite the uncertainty surrounding Brexit. As a result, however, within the UK market, the FTSE 100 Index narrowly outperformed the more domestically-orientated FTSE 250 Index.

The Fund's outperformance was driven by variety of factors. Firstly, both asset allocation and stock selection within the information technology sector was strong, with notable performance coming from holdings such as Halma and Micro Focus. Stock selection within financials was also positive, with 3i Group among the strongest contributors following a strong update to the market. The Fund also benefited from avoiding certain popular UK income stocks, particularly within the more defensive areas of the market. For example, unlike many of our peers, we had a 0% weighting to Vodafone, which announced a 40% cut to its dividend thanks to the costs associated with the much anticipated 5G rollout. It was a similar situation with Imperial Brands, which fell some 20% over the period thanks to poor operational performance and the news it would not be maintaining its recent rate of dividend growth. We

avoided both stocks due to our concerns about the sustainability of their dividends. The major detractors to returns were the Fund's exchange traded put options, which weighed heavily on returns in January as markets rebounded. While frustrating, our options exposure played a pivotal role in protecting the Fund's capital in Q4 2018 and we have since reduced our exposure.

Despite the re-escalation in the US/China trade war, we remain optimistic in our outlook for the global economy and continue to manage the portfolio with a clear international tilt. While Brexit uncertainty will continue to be a source of volatility, our concerns surrounding the UK primarily stem from more structural issues facing the economy. These include slowing productivity growth and the polarisation of productivity growth, with only a small proportion of UK firms able to keep up with global peers in this regard. We therefore have an international bias via both overseas holdings and UK stocks with international revenue streams.

*\*Source: Morningstar, C Accumulation share class performance, in sterling with no initial charges, net revenue reinvested to 30 June 2019. The performance of other share classes may differ. Past performance is not a guide for future performance. The value of an investment and any revenue from it can fall as well as rise as a result of market and currency fluctuations and you may not get back the original amount invested. Investments in emerging markets are higher risk and potentially more volatile than those in established markets. References to specific securities and sectors 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. Forecasts are not a reliable indicator of future performance. Any views expressed are those of Neptune as at the date of issue and we do not undertake to advise you as to any changes in our views. Please refer to the Prospectus for further details.*

# Neptune Income Fund

## Investment Manager's report

for the six months ended 30 June 2019 (unaudited) (continued)

The Portfolio statement as at 30 June 2019 is as follows:

Holding	Portfolio of investments	Market value £000	Total net assets %
	<b>United Kingdom 73.23% (2018 - 65.59%)</b>		
	<b>Basic Materials 12.29% (2018 - 14.45%)</b>		
	<b>Chemicals 6.04%</b>		
152,000	Croda International	7,775	2.87
260,000	Johnson Matthey	8,577	3.17
	<b>Mining 6.25%</b>		
385,000	Anglo American	8,557	3.16
173,000	Rio Tinto	8,382	3.09
	<b>Consumer Goods 8.97% (2018 - 8.77%)</b>		
	<b>Beverages 2.99%</b>		
240,000	Diageo	8,116	2.99
	<b>Household Goods &amp; Home Construction 2.99%</b>		
131,000	Reckitt Benckiser	8,093	2.99
	<b>Personal Goods 2.99%</b>		
166,000	Unilever	8,091	2.99
	<b>Consumer Services 3.12% (2018 - 5.47%)</b>		
	<b>Travel &amp; Leisure 3.12%</b>		
448,000	Compass	8,458	3.12
	<b>Financials 24.40% (2018 - 17.50%)</b>		
	<b>Banks 2.98%</b>		
1,230,000	HSBC	8,071	2.98
	<b>Financial Services 6.41%</b>		
810,000	3i	9,003	3.32
2,860,000	Standard Life Aberdeen	8,374	3.09
	<b>Life Insurance 12.00%</b>		
1,965,000	Aviva	8,135	3.00
2,940,000	Legal & General	7,944	2.93
1,150,000	Phoenix	8,126	3.00
488,000	Prudential	8,313	3.07
	<b>Nonlife Insurance 3.01%</b>		
1,420,000	RSA Insurance	8,159	3.01
	<b>Health Care 6.10% (2018 - 2.97%)</b>		
	<b>Pharmaceuticals &amp; Biotechnology 6.10%</b>		
129,000	AstraZeneca	8,301	3.06
520,000	GlaxoSmithKline	8,222	3.04
	<b>Industrials 9.20% (2018 - 7.78%)</b>		
	<b>Aerospace &amp; Defence 3.02%</b>		
1,670,000	BAE Systems	8,181	3.02
	<b>Electronic &amp; Electrical Equipment 3.10%</b>		
415,000	Halma	8,412	3.10
	<b>General Industrials 3.08%</b>		
534,000	Smiths	8,336	3.08
	<b>Oil &amp; Gas 3.00% (2018 - 2.88%)</b>		
	<b>Oil &amp; Gas Producers 3.00%</b>		
1,480,000	BP	8,128	3.00

# Neptune Income Fund

## Investment Manager's report

for the six months ended 30 June 2019 (unaudited) (continued)

The Portfolio statement as at 30 June 2019 (continued)

Holding	Portfolio of investments	Market value £000	Total net assets %
	<b>Technology 6.15% (2018 - 5.77%)</b>		
	<b>Software &amp; Computer Services 6.15%</b>		
405,000	Micro Focus International	8,353	3.08
1,035,000	Sage	8,321	3.07
	<b>Chile 3.20% (2018 - 2.91%)</b>		
945,000	Antofagasta	8,677	3.20
	<b>China 2.99% (2018 - 0.00%)</b>		
855,000	Ping An Insurance 'H'	8,095	2.99
	<b>Netherlands 3.02% (2018 - 2.96%)</b>		
317,000	Royal Dutch Shell 'A'	8,187	3.02
	<b>Switzerland 2.89% (2018 - 3.06%)</b>		
2,930,000	Glencore	7,817	2.89
	<b>United States 14.01% (2018 - 17.09%)</b>		
52,000	Apple	8,186	3.02
53,000	CME	8,099	2.99
77,000	Microsoft	8,140	3.00
42,000	Motorola Solutions	5,448	2.01
60,000	Visa 'A'	8,091	2.99
	<b>Derivatives 0.79% (2018 - 8.70%)</b>		
	<b>Options 0.79%</b>		
1,445	FTSE 100 Index 7000 Put 20/12/2019	2,153	0.79
	Portfolio of investments	271,321	100.13
	Net other liabilities	(341)	(0.13)
	Net assets	270,980	100.00

All holdings are ordinary shares or stock units unless otherwise stated.

Comparative figures shown above in brackets relate to 31 December 2018.

The top five purchases and sales for the six months are as follows:

Purchases	Cost £000
Aviva	8,921
RSA Insurance	8,166
Ping An Insurance 'H'	8,134
Standard Life Aberdeen	8,085
Smiths	7,817
Sales	Proceeds £000
DS Smith	7,699
Victrex	7,418
Intermediate Capital	6,528
SunTrust Banks	6,236
FTSE 100 Index 7300 Put 15/03/2019	5,742

# Neptune Income Fund

## Fund information

### Performance record

#### A Income

	30 June 2019	31 December 2018	31 December 2017
Closing net asset value (£000)	19,136	19,352	23,106
Closing number of shares	10,319,997	11,507,641	12,651,658
Closing net asset value per share (p)	185.42	168.16	182.64
Operating Charge Figure <sup>‡</sup>	1.74%	1.67%	1.69%

#### A Accumulation

	30 June 2019	31 December 2018	31 December 2017
Closing net asset value (£000)	29,926	26,712	30,436
Closing number of shares	7,343,972	7,392,375	8,052,948
Closing net asset value per share (p)	407.49	361.35	377.96
Operating Charge Figure <sup>‡</sup>	1.74%	1.67%	1.69%

#### B Income

	30 June 2019	31 December 2018	31 December 2017
Closing net asset value (£000)	18,820	17,399	19,569
Closing number of shares	9,505,965	9,713,611	10,110,745
Closing net asset value per share (p)	197.99	179.11	193.54
Operating Charge Figure <sup>‡</sup>	1.24%	1.17%	1.19%

#### C Income

	30 June 2019	31 December 2018	31 December 2017
Closing net asset value (£000)	71,637	58,409	72,938
Closing number of shares	53,769,303	48,541,508	56,296,166
Closing net asset value per share (p)	133.23	120.33	129.56
Operating Charge Figure <sup>‡</sup>	0.89%	0.81%	0.84%

#### C Accumulation

	30 June 2019	31 December 2018	31 December 2017
Closing net asset value (£000)	131,461	71,130	59,068
Closing number of shares	73,770,177	45,200,832	36,195,103
Closing net asset value per share (p)	178.20	157.37	163.19
Operating Charge Figure <sup>‡</sup>	0.89%	0.81%	0.84%

<sup>‡</sup>The OCF includes the annual management charge and other expenses. The OCF of the A share classes are currently capped at 1.84% per annum, the B share class is currently capped at 1.34% per annum and the C share classes are currently capped at 0.97% per annum of the relevant share class net asset value by the ACD. This capping may cease at any time.

### Fund performance

The performance of the Fund is shown in the Investment Manager's Report on page 51.

Details of the distributions per share for the six months are shown in the distribution tables on page 57.

### Status

Neptune Income Fund is a sub-fund of Neptune Investment Funds which is a UCITS scheme.

### 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 OEIC and the income from it can fall as well as rise and may be affected by exchange rate variations.

# Neptune Income Fund

## Financial Statements

### Statement of total return

for the six months ended 30 June 2019 (unaudited)

	30 June 2019		30 June 2018	
	£000	£000	£000	£000
Income				
Net capital gains		24,404		1,671
Revenue	5,355		4,602	
Expenses	(1,229)		(1,133)	
Interest payable and similar charges	(4)		(1)	
Net revenue before taxation	4,122		3,468	
Taxation	(74)		(99)	
Net revenue after taxation		4,048		3,369
Total return before distribution		28,452		5,040
Distribution		(1,736)		(2,404)
Change in net assets attributable to shareholders from investment activities		26,716		2,636

### Statement of change in net assets attributable to shareholders

for the six months ended 30 June 2019 (unaudited)

	30 June 2019		30 June 2018	
	£000	£000	£000	£000
Opening net assets attributable to shareholders		193,002		205,117
Amounts received on issue of shares	59,567		12,862	
Amounts paid on cancellation of shares	(8,308)		(9,042)	
		51,259		3,820
Change in net assets attributable to shareholders from investment activities		26,716		2,636
Unclaimed distributions		3		3
Closing net assets attributable to shareholders		270,980		211,576

The opening net assets attributable to shareholders for 30 June 2019 is different to the closing position of the comparative period, this is due to the comparative being an interim period.

# Neptune Income Fund

## Financial Statements (continued)

### Balance sheet

as at 30 June 2019 (unaudited)

	30 June 2019		31 December 2018	
	£000	£000	£000	£000
<b>Assets</b>				
Fixed assets				
Investments		271,321		193,607
Current assets				
Debtors	1,733		1,563	
Cash and bank balances	108		—	
	<hr/>		<hr/>	
Total current assets		1,841		1,563
Total assets		<hr/>		<hr/>
		273,162		195,170
<b>Liabilities</b>				
Creditors				
Bank overdrafts	(49)		(111)	
Distribution payable	(1,541)		(1,513)	
Other creditors	(592)		(544)	
	<hr/>		<hr/>	
Total liabilities		(2,182)		(2,168)
Net assets attributable to shareholders		<hr/>		<hr/>
		270,980		193,002

### Notes to the interim financial statements

The interim financial statements have been prepared in accordance with the SORP for Authorised Funds issued by the Investment Association in May 2014.

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2018 and are described in those financial statements.

# Neptune Income Fund

## Distribution table

for the six months ended 30 June 2019 (unaudited) – in pence per share

### 1st Quarter

Group 1-Shares purchased prior to 1 January 2019

Group 2-Shares purchased on or after 1 January 2019 to 31 March 2019

	Net revenue	Equalisation	Paid 31 May 2019	Paid 31 May 2018
<b>A Income shares</b>				
Group 1	1.5413	—	1.5413	—
Group 2	0.7543	0.7870	1.5413	—
<b>B Income shares</b>				
Group 1	1.6412	—	1.6412	—
Group 2	0.4129	1.2283	1.6412	—
<b>C Income shares</b>				
Group 1	1.1019	—	1.1019	—
Group 2	0.4242	0.6777	1.1019	—

### Interim

Group 1-Shares purchased prior to 1 April 2019

Group 2-Shares purchased on or after 1 April 2019 to 30 June 2019

	Net revenue	Equalisation	Payable 31 August 2019	Paid 31 August 2018
<b>A Income shares</b>				
Group 1	2.6049	—	2.6049	3.9799
Group 2	0.8541	1.7508	2.6049	3.9799
<b>B Income shares</b>				
Group 1	2.7808	—	2.7808	4.2286
Group 2	0.4960	2.2848	2.7808	4.2286
<b>C Income shares</b>				
Group 1	1.8739	—	1.8739	2.8344
Group 2	0.4977	1.3762	1.8739	2.8344

The Accumulation share classes have changed distribution frequency and from 30 June 2018 will be distributing only at every year end.

## Investment objective

The investment objective of the Neptune India Fund (the 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 EPM.

It is the intention to be near-fully invested at all times, however, the 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 Fund is at all times eligible to be included in an ISA.

## Risk and reward profile

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



The Fund is in Category 6 because of the high range and frequency of price movements (volatility) of the underlying investments referenced by the Fund.

The following are additional risks not covered by the risk and reward category.

- Investing overseas can bring additional returns and spread risk to different markets. There are risks, however, that changes in currency rates will reduce the value of your investment.
- Emerging markets or less developed countries may face more political, economic or structural challenges than developed countries. This means your money may be at greater risk.
- This Fund holds a limited number of investments. If one of these investments falls in value this can have a greater impact on the Fund's value than if it held a larger number of investments.
- For a full list of the Fund's risks, please see the Prospectus.

## Investment Manager's report

for the six months ended 30 June 2019 (unaudited)

The Neptune India Fund returned 0.4% in the first half of 2019, versus the MSCI India Index's return of 7.8%.\*

The Indian market has been somewhat volatile over the past year, and the first quarter of 2019 was no different. 2018 was largely driven by external factors such as US bond yields, the US dollar and crude oil prices (all of which cause problems for India as they rise, which they did last year), this year has more been a story of domestic factors. This year has been heavily influenced by domestic factors, with the results of the 2019 General Election being announced in late May, revealing an emphatic endorsement of Narendra Modi's BJP-led government. For a nation used to frequent changes of leadership and messy coalition government, back-to-back election wins and outright majority for the BJP was remarkable. The months ahead of the elections had contributed to the market volatility due to uncertainty over the election outcome, but once the results were released markets responded positively. The election volatility also had a significant impact on sector performance, with domestic cyclicals such as industrials and financials rallying strongly, and more safe-haven sectors such as healthcare performing poorly. This was a major market rotation away from defensive, export-led sectors that had outperformed ahead of the elections.

The Neptune India Fund's relative performance in the first quarter (+3.1%) was driven by the financial sector, as banks performed strongly on the improved political outlook as well as optimism that the provisioning cycle at the large private sector banks had turned a corner. The sector is the largest in the benchmark and the Fund is significantly overweight, thereby generating strong outperformance in this part of the portfolio. In particular, the strong recovery of Yes Bank, which suffered a torrid 2018, was a major positive contributor to returns. The major offsetting factor was the Fund's underweight position in the energy sector, primarily Reliance Industries, which performed very strongly during the quarter driven by the firmer oil price. The Fund underperformed in the second quarter, main detractors were in the healthcare, financials and IT

sectors. A number of stock-specific issues in the financials sector, notably relating to Yes Bank and IndiaBulls Housing Finance were a significant drag on the portfolio in what was otherwise a very strongly performing sector for the benchmark. In healthcare, two holdings in the mid-cap sector also proved costly (Healthcare Global and Torrent Pharma). These two sectors more than offset much more positive results for holdings in the energy, materials and industrials sectors. No changes were made to the portfolio over the last quarter.

We remain positive in our outlook for the Indian market and believe that the electoral results bolster the investment case for Indian equities. We anticipate a continuation of the reform agenda established in Modi's first term, with a focus on investment and financial inclusion and as such remain overweight in these areas of the market. We also maintain a bias towards mid-cap holdings that we see being the long-term beneficiaries of the broadening domestic investor base in India, as well as providing a greater degree of earnings leverage to the domestic economy.

*\*Source: Morningstar, C Accumulation share class performance, in sterling with no initial charges, net revenue reinvested to 30 June 2019. 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 and potentially more volatile than those in developed markets. The value of an investment and any revenue from it can fall as well as rise as a result of market and currency fluctuations and you may not get back the original amount invested. References to specific securities and sectors 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. Forecasts are not a reliable indicator of future performance. Any views expressed are those of Neptune as at the date of issue and we do not undertake to advise you as to any changes in our views. Please refer to the Prospectus for further details.*

# Neptune India Fund

## Investment Manager's report

for the six months ended 30 June 2019 (unaudited) (continued)

The Portfolio statement as at 30 June 2019 is as follows:

Holding	Portfolio of investments	Market value £000	Total net assets %
	<b>India 101.77% (2018 - 99.58%)</b>		
	<b>Basic Materials 6.40% (2018 - 6.34%)</b>		
	<b>Chemicals 3.38%</b>		
320,964	Deepak Nitrite	1,063	1.64
88,736	Finolex Industries	512	0.79
417,005	SH Kelkar	618	0.95
	<b>Industrial Metals &amp; Mining 3.02%</b>		
428,941	Hindalco Industries	1,014	1.57
471,505	Vedanta	937	1.45
	<b>Consumer Goods 7.03% (2018 - 8.52%)</b>		
	<b>Automobiles &amp; Parts 3.92%</b>		
19,710	Maruti Suzuki India	1,469	2.27
767,142	Motherson Sumi Systems	1,069	1.65
	<b>Personal Goods 3.11%</b>		
266,026	Godrej Consumer Products	2,011	3.11
	<b>Consumer Services 3.44% (2018 - 4.05%)</b>		
	<b>General Retailers 1.75%</b>		
689,553	Indian Energy Exchange	1,130	1.75
	<b>Media 1.69%</b>		
285,412	Zee Entertainment Enterprises	1,096	1.69
	<b>Financials 32.77% (2018 - 30.27%)</b>		
	<b>Banks 19.70%</b>		
659,908	Bank of Baroda	909	1.40
20,625	HDFC Bank ADR	2,093	3.23
824,883	ICICI Bank	4,109	6.35
82,490	IndusInd Bank	1,336	2.06
82,490	Kotak Mahindra Bank	1,388	2.15
428,941	State Bank of India	1,775	2.74
927,994	Yes Bank	1,148	1.77
	<b>Financial Services 10.54%</b>		
577,419	Edelweiss Financial Services	1,120	1.73
1,163,315	Equitas	1,589	2.46
107,239	Housing Development Finance	2,682	4.14
206,223	Indiabulls Housing Finance	1,427	2.21
	<b>Real Estate Investment &amp; Services 2.53%</b>		
536,176	Prestige Estates Projects	1,638	2.53
	<b>Health Care 7.90% (2018 - 9.09%)</b>		
	<b>Health Care Equipment &amp; Services 1.60%</b>		
580,580	Healthcare Global Enterprises	1,036	1.60
	<b>Pharmaceuticals &amp; Biotechnology 6.30%</b>		
509,764	Biocon	1,457	2.25
255,716	Sun Pharmaceutical Industries	1,171	1.81
82,490	Torrent Pharmaceuticals	1,450	2.24

# Neptune India Fund

## Investment Manager's report

for the six months ended 30 June 2019 (unaudited) (continued)

The Portfolio statement as at 30 June 2019 (continued)

Holding	Portfolio of investments	Market value £000	Total net assets %
	<b>Industrials 20.97% (2018 - 19.95%)</b>		
	<b>Construction &amp; Materials 16.91%</b>		
1,088,845	Ashoka Buildcon	1,734	2.68
292,836	Blue Star	2,594	4.01
288,711	Capacit'e Infraprojects	891	1.38
115,487	Larsen & Toubro	2,054	3.17
210,347	Ramco Cements	1,886	2.91
7,221	Shree Cement	1,786	2.76
	<b>Industrial Engineering 4.06%</b>		
189,725	Bharat Forge	971	1.50
198,191	Mahindra & Mahindra	1,481	2.29
2,208,372	Sintex Plastics Technology	176	0.27
	<b>Oil &amp; Gas 7.40% (2018 - 7.02%)</b>		
	<b>Oil &amp; Gas Producers 7.40%</b>		
370,698	Hindustan Petroleum	1,222	1.89
249,625	Reliance Industries	3,569	5.51
	<b>Technology 15.86% (2018 - 14.34%)</b>		
	<b>Software &amp; Computer Services 15.86%</b>		
255,716	Cyient	1,578	2.44
156,731	HCL Technologies	1,905	2.94
659,908	Infosys	5,507	8.50
181,478	Persistent Systems	1,281	1.98
	Portfolio of investments	65,882	101.77
	Net other liabilities	(1,148)	(1.77)
	Net assets	64,734	100.00

All holdings are ordinary shares or stock units unless otherwise stated.

Comparative figures shown above in brackets relate to 31 December 2018.

Stocks shown as ADRs represent American Depositary Receipts.

The top five purchases and sales for the six months are as follows:

There were no purchases for the six months ended 30 June 2019.

Sales	Proceeds £000
Yes Bank	1,431
Infosys	1,105
Reliance Industries	989
Mahindra & Mahindra	859
Torrent Pharmaceuticals	858

# Neptune India Fund

## Fund information

### Performance record

#### C Accumulation

	30 June 2019	31 December 2018	31 December 2017
Closing net asset value (£000)	64,689	84,252	110,755
Closing number of shares	28,550,605	37,334,591	42,636,177
Closing net asset value per share (p)	226.58	225.67	259.77
Operating Charge Figure <sup>‡</sup>	1.40%	1.31%	1.16%

#### A Accumulation USD (Launched 1 November 2017)

	30 June 2019	31 December 2018	31 December 2017
Closing net asset value (£000)	1	1	1
Closing number of shares	1,000	1,000	1,000
Closing net asset value per share (p)	68.03	67.31	76.48
Operating Charge Figure <sup>‡</sup>	2.40%	2.29%	2.20%

#### C Accumulation USD

	30 June 2019	31 December 2018	31 December 2017
Closing net asset value (£000)	44	44	629
Closing number of shares	52,827	52,827	652,827
Closing net asset value per share (p)	84.10	83.76	96.39
Operating Charge Figure <sup>‡</sup>	1.39%	1.28%	1.17%

<sup>‡</sup>The OCF includes the annual management charge and other expenses. The OCF of the A share class is currently capped at 2.47% per annum and the C share classes are currently capped at 1.47% per annum of the relevant share class net asset value by the ACD. This capping may cease at any time.

### Fund performance

The performance of the Fund is shown in the Investment Manager's Report on page 59.

### Status

Neptune India Fund is a sub-fund of Neptune Investment Funds which is a UCITS scheme.

### 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 OEIC and the income from it can fall as well as rise and may be affected by exchange rate variations.

\*From 1 November 2017 to 31 December 2017.

## Financial Statements

### Statement of total return

for the six months ended 30 June 2019 (unaudited)

	30 June 2019		30 June 2018	
	£000	£000	£000	£000
Income				
Net capital gains/(losses)		35		(10,167)
Revenue	375		664	
Expenses	(480)		(671)	
Interest payable and similar charges	(2)		(6)	
Net expense before taxation	<u>(107)</u>		<u>(13)</u>	
Taxation	—		(2)	
Net expense after taxation		<u>(107)</u>		<u>(15)</u>
Total return before distributions		<u>(72)</u>		<u>(10,182)</u>
Equalisation		15		(5)
Change in net assets attributable to shareholders from investment activities		<u>(57)</u>		<u>(10,187)</u>

### Statement of change in net assets attributable to shareholders

for the six months ended 30 June 2019 (unaudited)

	30 June 2019		30 June 2018	
	£000	£000	£000	£000
Opening net assets attributable to shareholders		84,297		111,385
Amounts received on issue of shares	1,394		17,550	
Amounts paid on cancellation of shares	<u>(20,920)</u>		<u>(16,541)</u>	
		(19,526)		1,009
Dilution adjustment charged		15		20
Change in net assets attributable to shareholders from investment activities		(57)		(10,187)
Unclaimed distributions		5		—
Closing net assets attributable to shareholders		<u>64,734</u>		<u>102,227</u>

The opening net assets attributable to shareholders for 30 June 2019 is different to the closing position of the comparative period, this is due to the comparative being an interim period.

## Financial Statements (continued)

### Balance sheet

as at 30 June 2019 (unaudited)

	30 June 2019		31 December 2018	
	£000	£000	£000	£000
<b>Assets</b>				
Fixed assets				
Investments		65,882		83,944
Current assets				
Debtors	64		212	
Cash and bank balances	115		337	
Total current assets		179		549
Total assets		66,061		84,493
<b>Liabilities</b>				
Creditors				
Other creditors	(1,327)		(196)	
Total liabilities		(1,327)		(196)
Net assets attributable to shareholders		64,734		84,297

### Notes to the interim financial statements

The interim financial statements have been prepared in accordance with the SORP for Authorised Funds issued by the Investment Association in May 2014.

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2018 and are described in those financial statements.

# Neptune Japan Opportunities Fund

## Investment objective

The investment objective of the Neptune Japan Opportunities Fund (the 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.

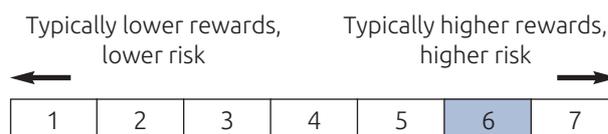
It is anticipated that derivative instruments and forward transactions may be used by the ACD for EPM.

It is the intention to be near-fully invested at all times, however, the 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 Fund is at all times eligible to be included in an ISA.

## Risk and reward profile

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



The Fund is in Category 6 because of the high range and frequency of price movements (volatility) of the underlying investments referenced by the Fund.

The following are additional risks not covered by the risk and reward category.

- Investing overseas can bring additional returns and spread risk to different markets. There are risks, however, that changes in currency rates will reduce the value of your investment.
- The Investment Manager aims to remove the impact of changes in exchange rates between the yen and pounds sterling by hedging, a currency transaction which can protect against such movements. However, if exchange rates move contrary to the Investment Manager's expectations this can have a significant negative impact on the value of your investment.
- This Fund holds a limited number of investments. If one of these investments falls in value this can have a greater impact on the Fund's value than if it held a larger number of investments.
- For a full list of the Fund's risks, please see the Prospectus.

## Investment Manager's report

for the six months ended 30 June 2019 (unaudited)

The Neptune Japan Opportunities Fund returned 6.3% in the first half of 2019, versus the TOPIX Index's gain of 7.2% and the IA Japan sector average return of 9.0%.\*

The TOPIX Index, in line with the rest of the world's markets, staged a recovery from a poor closing quarter to 2018. The Index began January at its low of around 1,450 and then traded steadily higher to reach 1,630 by the start of March, helped largely by more accommodative comments emanating from the US Federal Reserve regarding the path of US interest rate rises and similar news coming out of the US/China trade talks and despite the oil price rising from \$46 to \$60 per barrel in the US. Thereafter, the Index spent the next 4 weeks ranging between 1,570 and 1,630 as investors were in turn optimistic or pessimistic regarding impending quarterly results.

As to be expected, during this period the bounce in investor confidence saw the smaller more speculative areas of the market do best, which meant the Mothers and JASDAQ indices led the performance tables. Then in the second quarter, the TOPIX Index, again in line with the rest of the world's markets, slipped lower during the second half of that quarter. Across April, the Index traded between 1,600 and 1,620 before falling by around 100 points after the extended Golden Week holiday to celebrate the new Emperor's accession. This reflected the escalation of US tariffs levied upon Chinese imports as well as fears of this triggering a slowdown in both global GDP and world trade growth. In addition, early May saw the start of company full year earnings announcements accompanied by their official projections for the current year. The latter triggered widespread reflex forecast downgrades by the analytical community.

Overall, the Fund benefited from the broadly better returns made by the larger capitalised stocks which form the bulk of the portfolio. The Fund's relative performance came principally from its holdings in the industrials, consumer discretionary and information technology sectors as well as being underweight in consumer staples and financials.

In the meantime, we expect the third quarter to show the normal seasonal slowdown in market activity with average trading volumes declining further. The

majority of company results for the period ending June will not materialise until August thus leaving share prices more to the mercies of international developments on the US/China trade war front.

In addition, over the coming months, we expect the yen to remain near current levels as interest rates elsewhere are far more likely to be raised whilst those in Japan remain at current levels. Likewise, economic growth rates will show similar patterns as Japan drifts ahead of the October 2% point increase in VAT to 10%; the February 2019 'shunto' wage talks did not see middle class salary workers benefit from a sufficient improvement in their real take-home pay to offset the impending VAT hike.

Given such developments are likely to trigger renewed yen weakness, the Neptune Japan Opportunities Fund's long held strategy of hedging the yen back into sterling will remain in place as we expect this feature will help underwrite a multiyear recovery in Japanese corporate profits. As such, the Fund will remain overweight in large, well financed, industry dominant Japanese multinationals that are set to benefit most from the currency's likely weakening.

*\*Source: Morningstar, C Accumulation share class performance, in sterling with no initial charges, net revenue reinvested to 30 June 2019. The performance of other share classes may differ. Past performance is not a guide for future performance. The value of an investment and any revenue from it can fall as well as rise as a result of market and currency fluctuations and you may not get back the original amount invested. References to specific sectors are for illustration purposes only and should not be taken as a recommendation to buy or sell these sectors. 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. Forecasts are not a reliable indicator of future performance. Any views expressed are those of Neptune as at the date of issue and we do not undertake to advise you as to any changes in our views. Please refer to the Prospectus for further details.*

# Neptune Japan Opportunities Fund

## Investment Manager's report

for the six months ended 30 June 2019 (unaudited) (continued)

The Portfolio statement as at 30 June 2019 is as follows:

Holding	Portfolio of investments	Market value £000	Total net assets %
	<b>Basic Materials 15.14% (2018 - 19.83%)</b>		
	<b>Chemicals 14.03%</b>		
198,800	Kansai Paint	3,281	2.53
532,000	Mitsubishi Chemical	2,927	2.26
263,800	Mitsubishi Gas Chemical	2,769	2.13
108,100	Nippon Paint	3,300	2.54
43,700	Shin-Etsu Chemical	3,205	2.47
456,000	Toray Industries	2,729	2.10
	<b>Industrial Metals &amp; Mining 1.11%</b>		
124,300	JFE	1,439	1.11
	<b>Consumer Goods 10.76% (2018 - 10.49%)</b>		
	<b>Automobiles &amp; Parts 6.69%</b>		
133,300	NGK Spark Plug	1,969	1.52
420,300	NSK	2,947	2.27
77,000	Toyota Motor	3,765	2.90
	<b>Leisure Goods 4.07%</b>		
138,100	Bandai Namco	5,277	4.07
	<b>Financials 14.74% (2018 - 14.86%)</b>		
	<b>Banks 3.66%</b>		
91,300	Sumitomo Mitsui Financial	2,541	1.96
77,500	Sumitomo Mitsui Trust	2,213	1.70
	<b>Financial Services 7.11%</b>		
82,300	Jafco	2,374	1.83
318,600	ORIX	3,746	2.89
159,300	SBI	3,107	2.39
	<b>Real Estate Investment &amp; Services 3.97%</b>		
170,100	Mitsubishi Estate	2,495	1.92
139,000	Mitsui Fudosan	2,658	2.05
	<b>Industrials 43.56% (2018 - 43.11%)</b>		
	<b>Construction &amp; Materials 11.78%</b>		
404,600	Haseko	3,222	2.48
449,600	Shimizu	2,939	2.26
574,200	Sumitomo Mitsui Construction	2,505	1.93
106,600	Sumitomo Osaka Cement	3,332	2.57
115,000	Taisei	3,291	2.54
	<b>Electronic &amp; Electrical Equipment 7.47%</b>		
121,700	Hitachi	3,515	2.71
12,800	Keyence	6,186	4.76
	<b>General Industrials 1.50%</b>		
79,300	Toshiba	1,944	1.50

# Neptune Japan Opportunities Fund

## Investment Manager's report

for the six months ended 30 June 2019 (unaudited) (continued)

The Portfolio statement as at 30 June 2019 (continued)

Holding	Portfolio of investments	Market value £000	Total net assets %
	<b>Industrial Engineering 22.81%</b>		
342,600	Amada	3,037	2.34
173,900	Chugai Ro	2,056	1.58
30,800	Daikin Industries	3,166	2.44
23,500	FANUC	3,421	2.64
223,600	Kimura Chemical Plants	583	0.45
131,900	Komatsu	2,508	1.93
90,200	Mitsubishi Heavy Industries	3,097	2.39
72,900	Nabtesco	1,595	1.23
1,400,600	NTN	3,281	2.53
87,700	OKUMA	3,543	2.73
223,600	Toshiba Plant Systems & Services	3,311	2.55
	<b>Oil &amp; Gas 2.60% (2018 - 3.23%)</b>		
	<b>Oil &amp; Gas Producers 2.60%</b>		
862,200	JXTG	3,370	2.60
	<b>Technology 14.08% (2018 - 10.64%)</b>		
	<b>Leisure Goods 5.23%</b>		
23,500	Nintendo	6,788	5.23
	<b>Technology Hardware &amp; Equipment 8.85%</b>		
52,100	Fujitsu	2,860	2.20
177,500	Oki Electric Industry	1,744	1.35
734,700	SUMCO	6,883	5.30
	<b>Derivatives (0.57%) (2018 - (2.47)%)</b>		
	<b>Forward Foreign Exchange Contracts (0.57%)</b>		
	Sold JPY6,000,000,000 for GBP43,463,091 Settlement 16/07/2019	(472)	(0.36)
	Sold JPY3,000,000,000 for GBP21,806,831 Settlement 17/07/2019	(162)	(0.13)
	Sold JPY5,000,000,000 for GBP36,501,783 Settlement 24/07/2019	(119)	(0.09)
	Sold JPY3,000,000,000 for GBP21,985,710 Settlement 31/07/2019	9	0.01
	Portfolio of investments	130,175	100.31
	Net other liabilities	(401)	(0.31)
	Net assets	129,774	100.00

All holdings are ordinary shares or stock units unless otherwise stated.

Comparative figures shown above in brackets relate to 31 December 2018.

# Neptune Japan Opportunities Fund

## Investment Manager's report

for the six months ended 30 June 2019 (unaudited) (continued)

The top five purchases and sales for the six months are as follows:

<b>Purchases</b>	<b>Cost £000</b>
SUMCO	4,334
ORIX	4,124
SBI	3,182
NTN	2,555
FANUC	1,875

<b>Sales</b>	<b>Proceeds £000</b>
Keyence	6,734
Nintendo	5,524
Bandai Namco	4,086
Nippon Paint	3,705
Mitsubishi Chemical	3,583

# Neptune Japan Opportunities Fund

## Fund information

### Performance record

#### A Accumulation

	30 June 2019	31 December 2018	31 December 2017
Closing net asset value (£000)	9,767	11,177	23,276
Closing number of shares	2,457,881	2,979,617	4,667,537
Closing net asset value per share (p)	397.38	375.12	498.67
Operating Charge Figure <sup>†</sup>	1.78%	1.73%	1.71%

#### B Accumulation

	30 June 2019	31 December 2018	31 December 2017
Closing net asset value (£000)	1,460	1,627	5,972
Closing number of shares	343,529	406,534	1,128,480
Closing net asset value per share (p)	424.85	400.13	529.25
Operating Charge Figure <sup>†</sup>	1.28%	1.23%	1.21%

#### C Accumulation

	30 June 2019	31 December 2018	31 December 2017
Closing net asset value (£000)	99,702	135,418	203,946
Closing number of shares	50,621,348	73,125,970	83,563,957
Closing net asset value per share (p)	196.96	185.18	244.06
Operating Charge Figure <sup>†</sup>	0.94%	0.87%	0.86%

#### D Accumulation

	30 June 2019	31 December 2018	31 December 2017
Closing net asset value (£000)	17,204	42,997	62,166
Closing number of shares	14,778,059	39,304,694	43,160,494
Closing net asset value per share (p)	116.42	109.40	144.03
Operating Charge Figure <sup>†</sup>	0.83%	0.77%	0.76%

#### A Accumulation USD

	30 June 2019	31 December 2018	31 December 2017
Closing net asset value (£000)	1,440	1,410	1,988
Closing number of shares	1,456,664	1,510,231	1,602,273
Closing net asset value per share (p)	98.86	93.34	124.07
Operating Charge Figure <sup>†</sup>	1.78%	1.72%	1.71%

#### C Accumulation USD

	30 June 2019	31 December 2018	31 December 2017
Closing net asset value (£000)	201	249	1,168
Closing number of shares	192,106	252,842	899,402
Closing net asset value per share (p)	104.75	98.48	129.82
Operating Charge Figure <sup>†</sup>	0.93%	0.86%	0.86%

<sup>†</sup>The OCF includes the annual management charge and other expenses. The OCF of the A share classes are currently capped at 1.89% per annum, the B share class is currently capped at 1.39% per annum, the C share classes are currently capped at 1.02% per annum and the D share class is currently capped at 0.92% per annum of the relevant share class net asset value by the ACD. This capping may cease at any time.

# Neptune Japan Opportunities Fund

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## Fund information (continued)

## Performance record (continued)

### Fund performance

The performance of the Fund is shown in the Investment Manager's Report on page 66.

### Status

Neptune Japan Opportunities Fund is a sub-fund of Neptune Investment Funds which is a UCITS scheme.

### 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 OEIC and the income from it can fall as well as rise and may be affected by exchange rate variations.

# Neptune Japan Opportunities Fund

## Financial Statements

### Statement of total return

for the six months ended 30 June 2019 (unaudited)

	30 June 2019		30 June 2018	
	£000	£000	£000	£000
Income				
Net capital gains/(losses)		9,225		(25,199)
Revenue	3,202		3,739	
Expenses	(822)		(1,309)	
Interest payable and similar charges	(16)		(11)	
Net revenue before taxation	<u>2,364</u>		<u>2,419</u>	
Taxation	(304)		(364)	
Net revenue after taxation		<u>2,060</u>		<u>2,055</u>
Total return before distributions		<u>11,285</u>		<u>(23,144)</u>
Equalisation		(486)		(24)
Change in net assets attributable to shareholders from investment activities		<u>10,799</u>		<u>(23,168)</u>

### Statement of change in net assets attributable to shareholders

for the six months ended 30 June 2019 (unaudited)

	30 June 2019		30 June 2018	
	£000	£000	£000	£000
Opening net assets attributable to shareholders		192,878		298,516
Amounts received on issue of shares	7,080		19,746	
Amounts paid on cancellation of shares	<u>(81,012)</u>		<u>(31,642)</u>	
		(73,932)		(11,896)
Dilution adjustment charged		29		—
Change in net assets attributable to shareholders from investment activities		<u>10,799</u>		<u>(23,168)</u>
Closing net assets attributable to shareholders		<u>129,774</u>		<u>263,452</u>

The opening net assets attributable to shareholders for 30 June 2019 is different to the closing position of the comparative period, this is due to the comparative being an interim period.

# Neptune Japan Opportunities Fund

## Financial Statements (continued)

### Balance sheet

as at 30 June 2019 (unaudited)

	30 June 2019		31 December 2018	
	£000	£000	£000	£000
<b>Assets</b>				
Fixed assets				
Investments		130,928		197,031
Current assets				
Debtors	164		493	
Cash and bank balances	2,833		2,195	
Total current assets		2,997		2,688
Total assets		133,925		199,719
<b>Liabilities</b>				
Investment liabilities		(753)		(4,754)
Creditors				
Other creditors	(3,398)		(2,087)	
Total other liabilities		(3,398)		(2,087)
Total liabilities		(4,151)		(6,841)
Net assets attributable to shareholders		129,774		192,878

### Notes to the interim financial statements

The interim financial statements have been prepared in accordance with the SORP for Authorised Funds issued by the Investment Association in May 2014.

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2018 and are described in those financial statements.

# Neptune Latin America Fund

## Investment objective

The investment objective of the Neptune Latin America Fund (the 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.

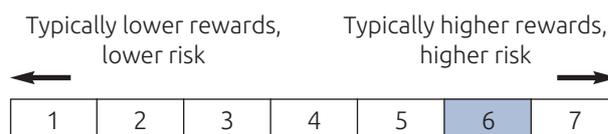
It is anticipated that derivative instruments and forward transactions may be used by the ACD for EPM.

It is the intention to be near-fully invested at all times, however, the 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 Fund is at all times eligible to be included in an ISA.

## Risk and reward profile

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



The Fund is in Category 6 because of the high range and frequency of price movements (volatility) of the underlying investments referenced by the Fund.

The following are additional risks not covered by the risk and reward category.

- Investing overseas can bring additional returns and spread risk to different markets. There are risks, however, that changes in currency rates will reduce the value of your investment.
- Emerging markets or less developed countries may face more political, economic or structural challenges than developed countries. This means your money may be at greater risk.
- This Fund holds a limited number of investments. If one of these investments falls in value this can have a greater impact on the Fund's value than if it held a larger number of investments.
- For a full list of the Fund's risks, please see the Prospectus.

## Investment Manager's report

for the six months ended 30 June 2019 (unaudited)

The Neptune Latin America Fund performed strongly with 18.4% in the first half of 2019, versus the MSCI Latin America Index return of 12.9%.\*

Key drivers were the continued dovishness of global central banks and the agreement at the G20 summit by President Trump and Xi Jinping to resume trade talks. The Fed acknowledged the need for interest rate cuts, and the ECB signalled that additional monetary stimulus might be needed in the form of rate cuts and/or asset purchases. Trade discussions were the primary source of volatility, with negotiations breaking down in May before the two leaders agreed to continue talking at the G20 at the end of June.

All markets except Chile posted positive returns, with Argentina leading the way. Divergence across countries was significant with Chile posting a small negative return, while Argentina (+28%), Colombia (+20%) and Brazil (+15%) led the positive returns. Argentina benefited from the loosening in global financial conditions and political announcements supporting Macri's re-election chances. Easing financial conditions and a weaker dollar will help to ease inflationary pressures and support the nascent economic recovery ahead of the presidential elections in October. The oil price rose by 24% during the first half, supporting a rally in the Colombian market and reversing the sharp losses suffered at the end of 2018. Positive developments in Brazil centred largely around the progress made with the pension reform, with the Lower House passing the bill in July. A number of other business friendly bills were passed and the Central Bank hinted that they would look to cut interest rates following the approval of the pension reform.

Key contributors to performance included the consumer discretionary and utilities sectors in Brazil, and the financials sectors in Argentina and Mexico, where stocks are beginning to rebound from very depressed valuations.

Looking across emerging markets, investors are crying out for reformist governments. In Asia, we have seen this with India, and in Latin America, Argentina, Peru, Chile, Colombia and now Brazil have elected strong pro-market governments. The populist tide has finally reversed as governments focus on structural reforms to raise productivity and economic growth.

*\*Source: Morningstar, C Accumulation share class performance, in sterling with no initial charges, net revenue reinvested to 30 June 2019. 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 and potentially more volatile than those in developed markets. The value of an investment and any revenue from it can fall as well as rise as a result of market and currency fluctuations and you may not get back the original amount invested. References to specific sectors are for illustration purposes only and should not be taken as a recommendation to buy or sell them. 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. Forecasts are not a reliable indicator of future performance. Any views expressed are those of Neptune as at the date of issue and we do not undertake to advise you as to any changes in our views. Please refer to the Prospectus for further details.*

# Neptune Latin America Fund

## Investment Manager's report

for the six months ended 30 June 2019 (unaudited) (continued)

The Portfolio statement as at 30 June 2019 is as follows:

Holding	Portfolio of investments	Market value £000	Total net assets %
	<b>Argentina 5.77% (2018 - 4.99%)</b>		
100,000	Adecoagro	543	1.38
12,200	Banco Macro ADR	679	1.73
1,200	MercadoLibre	578	1.47
17,000	Pampa Energia ADR	466	1.19
	<b>Brazil 62.61% (2018 - 61.57%)</b>		
132,000	Banco Bradesco	912	2.32
162,000	Banco Bradesco Preference Shares	1,266	3.22
95,000	Banco BTG Pactual	971	2.47
107,000	Banco do Brasil	1,188	3.03
160,000	Banco do Estado do Rio Grande do Sul Preference Shares	775	1.97
40,000	Cia de Locacao das Americas	390	0.99
60,000	Cia de Saneamento de Minas Gerais-COPASA	811	2.07
57,000	Cia de Saneamento do Parana	925	2.36
160,000	Construtora Tenda	756	1.93
480,000	Direcional Engenharia	1,113	2.83
98,000	Energisa	913	2.33
84,443	Gafisa	103	0.26
255,000	Gerdau ADR	774	1.97
175,000	lochpe Maxion	791	2.01
590,000	Itausa - Investimentos Itau Preference Shares	1,575	4.01
210,000	Light	841	2.14
107	Lupatech 6.5% 15/04/2018†	—	—
10,000	Magazine Luiza	429	1.09
15,000	Pagueseguro Digital 'A'	445	1.13
150,000	Petrobras Distribuidora	774	1.97
285,000	Petroleo Brasileiro Preference Shares	1,601	4.08
1,653	Refinaria Petroleo Preference Shares 0%*	—	—
270,000	Rumo	1,137	2.90
175,000	Ser Educacional	870	2.22
110,000	Suzano	764	1.95
440,000	T4F Entretenimento	482	1.23
310,000	Vale ADR	3,281	8.36
680,000	Via Varejo	696	1.77
	<b>Canada 3.14% (2018 - 2.76%)</b>		
105,000	Hudbay Minerals	446	1.14
4,750,000	Trevali Mining	787	2.00
	<b>Chile 0.00% (2018 - 3.51%)</b>		
	<b>Colombia 0.16% (2018 - 0.14%)</b>		
537,439	Constructora Concreto	64	0.16
	<b>Luxembourg 1.00% (2018 - 1.10%)</b>		
5,000	Globant	392	1.00

# Neptune Latin America Fund

## Investment Manager's report

for the six months ended 30 June 2019 (unaudited) (continued)

The Portfolio statement as at 30 June 2019 (continued)

Holding	Portfolio of investments	Market value £000	Total net assets %
	<b>Mexico 21.69% (2018 - 21.92%)</b>		
860,000	Alfa	664	1.69
365,000	Alsea	575	1.47
420,000	Banco del Bajio	665	1.70
105,000	Banco Santander Mexico ADR	630	1.61
180,000	Cemex ADR	597	1.52
1,050,000	Credito Real	1,034	2.63
875,000	Genomma Lab Internacional 'B'	617	1.57
1,325,000	Genera	876	2.23
230,000	Infraestructura Energetica Nova	688	1.75
630,000	Inmobiliaria Vesta	731	1.86
440,000	Mexichem	731	1.86
90,000	Promotora y Operadora de Infraestructura	708	1.80
	<b>Norway 0.12% (2018 - 0.16%)</b>		
189,700	Agrinos	48	0.12
	<b>Peru 2.50% (2018 - 2.63%)</b>		
5,400	Credicorp	983	2.50
	<b>Spain 0.15% (2018 - 0.29%)</b>		
29,500	Atento	57	0.15
	Portfolio of investments	38,142	97.14
	Net other assets	1,122	2.86
	Net assets	39,264	100.00

All holdings are ordinary shares or stock units unless otherwise stated.

Comparative figures shown above in brackets relate to 31 December 2018.

\*Delisted security.

†Convertible Bond in default.

Stocks shown as ADRs represent American Depositary Receipts.

The top five purchases and sales for the six months are as follows:

Purchases	Cost £000
Vale ADR	1,264
Trevali Mining	543
Petroleo Brasileiro Preference Shares	508
Mexichem	462
Cia de Locacao das Americas	386
Sales	Proceeds £000
Petroleo Brasileiro Preference Shares	690
Banco BTG Pactual	646
B3 - Brasil, Bolsa, Balcão	602
SACI Falabella	550
Itau Unibanco ADR	351

Stocks shown as ADRs represent American Depositary Receipts.

# Neptune Latin America Fund

## Fund information

### Performance record

#### C Accumulation

	30 June 2019	31 December 2018	31 December 2017
Closing net asset value(£000)	39,264	32,305	34,847
Closing number of shares	30,068,353	29,312,141	32,806,501
Closing net asset value per share (p)	130.58	110.21	106.22
Operating Charge Figure <sup>†</sup>	1.08%	1.08%	1.03%

<sup>†</sup>The OCF includes the annual management charge and other expenses. The OCF of the C share class is currently capped at 1.21% per annum of the relevant share class net asset value by the ACD. This capping may cease at any time.

### Fund performance

The performance of the Fund is shown in the Investment Manager's Report on page 75.

### Status

Neptune Latin America Fund is a sub-fund of Neptune Investment Funds which is a UCITS scheme.

### 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 OEIC and the income from it can fall as well as rise and may be affected by exchange rate variations.

## Financial Statements

### Statement of total return

for the six months ended 30 June 2019 (unaudited)

	30 June 2019		30 June 2018	
	£000	£000	£000	£000
Income				
Net capital gains/(losses)		5,426		(3,559)
Revenue	666		603	
Expenses	(193)		(194)	
Interest payable and similar charges	(1)		(1)	
Net revenue before taxation	472		408	
Taxation	(32)		(46)	
Net revenue after taxation		440		362
Total return before equalisation		5,866		(3,197)
Equalisation		3		(17)
Change in net assets attributable to shareholders from investment activities		5,869		(3,214)

### Statement of change in net assets attributable to shareholders

for the six months ended 30 June 2019 (unaudited)

	30 June 2019		30 June 2018	
	£000	£000	£000	£000
Opening net assets attributable to shareholders		32,305		34,847
Amounts received on issue of shares	9,039		6,909	
Amounts paid on cancellation of shares	(7,949)		(5,834)	
		1,090		1,075
Dilution adjustment charged		—		7
Change in net assets attributable to shareholders from investment activities		5,869		(3,214)
Closing net assets attributable to shareholders		39,264		32,715

The opening net assets attributable to shareholders for 30 June 2019 is different to the closing position of the comparative period, this is due to the comparative being an interim period.

# Neptune Latin America Fund

## Financial Statements (continued)

### Balance sheet

as at 30 June 2019 (unaudited)

	30 June 2019		31 December 2018	
	£000	£000	£000	£000
<b>Assets</b>				
Fixed assets				
Investments		38,142		32,004
Current assets				
Debtors	346		281	
Cash and bank balances	1,146		78	
Total current assets		1,492		359
Total assets		39,634		32,363
<b>Liabilities</b>				
Creditors				
Other creditors	(370)		(58)	
Total liabilities		(370)		(58)
Net assets attributable to shareholders		39,264		32,305

### Notes to the interim financial statements

The interim financial statements have been prepared in accordance with the SORP for Authorised Funds issued by the Investment Association in May 2014.

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2018 and are described in those financial statements.

# Neptune Russia and Greater Russia Fund (change of name to Neptune Russia Fund on 7 August 2019)

## Investment objective

The investment objective of the Neptune Russia and Greater Russia Fund (the 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.

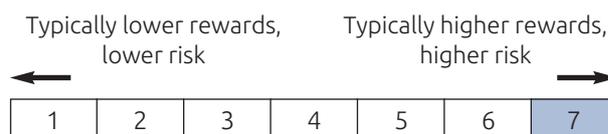
It is anticipated that derivative instruments and forward transactions may be used by the ACD for EPM.

It is the intention to be near-fully invested at all times, however, the 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 Fund is at all times eligible to be included in an ISA.

## Risk and reward profile

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



The Fund is in Category 7 because of the high range and frequency of price movements (volatility) of the underlying investments referenced by the Fund.

The following are additional risks not covered by the risk and reward category.

- Investing overseas can bring additional returns and spread risk to different markets. There are risks, however, that changes in currency rates will reduce the value of your investment.
- Emerging markets or less developed countries may face more political, economic or structural challenges than developed countries. This means your money may be at greater risk.
- This Fund holds a limited number of investments. If one of these investments falls in value this can have a greater impact on the Fund's value than if it held a larger number of investments.
- For a full list of the Fund's risks, please see the Prospectus.

# Neptune Russia and Greater Russia Fund (change of name to Neptune Russia Fund on 7 August 2019)

## Investment Manager's report

for the six months ended 30 June 2019 (unaudited)

The Neptune Russia and Greater Russia Fund returned 26.6% in the first half of the year, versus the MSCI Russia Large Cap Index's 32.2% gain. Since launch, the Fund has returned 372.5%, significantly outperforming the Index's 276.8% gain.\*

Russian markets enjoyed a strong start to 2019, rising by 32.2% during the first half of the year. Key drivers were the continued dovishness of global central banks and the agreement at the G20 summit by President Trump and Xi Jinping to resume trade talks. The Fed acknowledged the need for interest rate cuts, with the first expected in July, and the ECB signalled that additional monetary stimulus might be needed in the form of rate cuts and/or asset purchases. Trade discussions were the primary source of volatility, with negotiations breaking down in May before the two leaders agreed to continue talking at the G20 at the end of June.

Russian markets were one of the top performers globally during the first half of the year, supported by rising global markets and the surprise dividend recommendation at Gazprom, which saw the stock rally by 66% in the second quarter. The sharp move in Gazprom accounted for 9% of relative underperformance, while positive contributions came from Norilsk Nickel, EPAM and X5. While Gazprom's dividend announcement caught the market by surprise, we continue to have concerns over earnings in the short to medium term and capital allocation in the longer term. We expect Gazprom to compete with rising US LNG exports by having to lower gas prices to Europe, which will lead to declining earnings. Therefore, while the enhanced payout ratio will boost the dividends in the short term, we see dividends falling along with earnings in the years ahead.

The Russian benchmarks continue to be heavily weighted in the energy sector, with many sectors of the Russian economy underrepresented or not represented at all. The Neptune Russia and Greater Russia Fund continues to offer diversified exposure in sectors that aren't present in the benchmark, such as the IT and industrials sectors.

Despite the recent outperformance of the Russian market against broader emerging markets, Russia is still trading at a more than 50% discount to emerging markets, near the lowest levels seen in the past ten years and only marginally higher than at the peak of the crisis in late 2014.

*\*Source: Morningstar, C Accumulation share class performance, in sterling with no initial charges, net revenue reinvested to 30 June 2019. The performance of other share classes may differ. Past performance is not a guide for future performance. The value of an investment and any revenue from it can fall as well as rise as a result of market and currency fluctuations and you may not get back the original amount invested. Investments in emerging markets are higher risk and potentially more volatile than those in established markets. References to specific securities and sectors 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. Forecasts are not a reliable indicator of future performance. Any views expressed are those of Neptune as at the date of issue and we do not undertake to advise you as to any changes in our views. Please refer to the Prospectus for further details.*

# Neptune Russia and Greater Russia Fund (change of name to Neptune Russia Fund on 7 August 2019)

## Investment Manager's report

for the six months ended 30 June 2019 (unaudited) (continued)

The Portfolio statement as at 30 June 2019 is as follows:

Holding	Portfolio of investments	Market value £000	Total net assets %
	<b>Russia 71.35% (2018 - 72.02%)</b>		
	<b>Basic Materials 17.51% (2018 - 18.45%)</b>		
	<b>Industrial Metals &amp; Mining 17.51%</b>		
7,250,000	ALROSA	7,890	3.69
1,089,000	MMC Norilsk Nickel ADR	19,398	9.06
69,000	MMC Norilsk Nickel ADR (US Listing)	1,229	0.57
670,000	Severstal GDR	8,972	4.19
	<b>Consumer Services 2.64% (2018 - 2.89%)</b>		
	<b>Food &amp; Drug Retailers 0.33%</b>		
15,000	Magnit	706	0.33
	<b>Travel &amp; Leisure 2.31%</b>		
3,900,000	Aeroflot - Russian Airlines	4,949	2.31
	<b>Financials 13.26% (2018 - 13.45%)</b>		
	<b>Banks 9.57%</b>		
1,576,000	Sberbank of Russia ADR	19,272	9.00
99,000	Sberbank of Russia ADR (US Listing)	1,211	0.57
	<b>Financial Services 3.14%</b>		
6,000,000	Moscow Exchange	6,716	3.14
	<b>Real Estate Investment &amp; Services 0.55%</b>		
250,000	PIK	1,170	0.55
	<b>Industrials 1.56% (2018 - 1.34%)</b>		
	<b>Industrial Transportation 1.56%</b>		
450,000	Novorossiysk Commercial Sea Port GDR	3,343	1.56
	<b>Oil &amp; Gas 29.84% (2018 - 29.79%)</b>		
	<b>Oil &amp; Gas 29.84%</b>		
380,000	Gazprom Neft ADR	9,509	4.44
13,500	Gazprom Neft ADR (US Listing)	336	0.16
288,000	LUKOIL ADR	19,346	9.04
16,000	LUKOIL ADR (US Listing)	1,074	0.50
116,500	Novatek GDR	19,540	9.13
5,500	Novatek GDR (US Listing)	922	0.43
1,000,000	Surgutneftegas ADR	3,271	1.53
163,000	Tatneft ADR	9,453	4.42
7,000	Tatneft ADR (US Listing)	403	0.19
	<b>Technology 4.65% (2018 - 4.38%)</b>		
	<b>Software &amp; Computer Services 4.65%</b>		
474,000	Mail.Ru GDR	9,347	4.37
31,000	Mail.Ru GDR (US Listing)	611	0.28
	<b>Telecommunications 1.89% (2018 - 1.72%)</b>		
	<b>Mobile Telecommunications 1.89%</b>		
500,000	Mobile TeleSystems	1,795	0.84
100,000	Mobile TeleSystems ADR	734	0.34
4,000,000	Sistema	495	0.23
420,000	Sistema GDR	1,021	0.48

# Neptune Russia and Greater Russia Fund (change of name to Neptune Russia Fund on 7 August 2019)

## Investment Manager's report

for the six months ended 30 June 2019 (unaudited) (continued)

The Portfolio statement as at 30 June 2019 (continued)

Holding	Portfolio of investments	Market value £000	Total net assets %
	<b>Cyprus 7.31% (2018 - 8.87%)</b>		
	<b>Consumer Goods 3.80% (2018 - 4.72%)</b>		
	<b>Food Producers 3.80%</b>		
875,000	Ros Agro GDR	8,138	3.80
	<b>Industrials 3.51% (2018 - 4.15%)</b>		
	<b>Industrial Transportation 3.51%</b>		
200,000	Global Ports Investments GDR	448	0.21
977,000	Globaltrans Investment GDR	7,069	3.30
	<b>Netherlands 9.28% (2018 - 7.45%)</b>		
	<b>Consumer Services 4.59% (2018 - 2.80%)</b>		
	<b>Food &amp; Drug Retailers 4.59%</b>		
356,000	X5 Retail GDR	9,823	4.59
	<b>Technology 4.69% (2018 - 4.65%)</b>		
	<b>Software &amp; Computer Services 4.69%</b>		
328,000	Yandex 'A'	10,041	4.69
	<b>United Kingdom 4.59% (2018 - 2.95%)</b>		
	<b>Basic Materials 4.59% (2018 - 2.95%)</b>		
	<b>Industrial Metals &amp; Mining 4.59%</b>		
1,500,000	Evraz	9,822	4.59
	<b>United States 4.58% (2018 - 4.32%)</b>		
	<b>Technology 4.58% (2018 - 4.32%)</b>		
	<b>Software &amp; Computer Services 4.58%</b>		
72,000	EPAM Systems	9,812	4.58
	Portfolio of investments	207,866	97.11
	Net other assets	6,196	2.89
	Net assets	214,062	100.00

All holdings are ordinary shares or stock units unless otherwise stated.

Comparative figures shown above in brackets relate to 31 December 2018.

Stocks shown as ADRs represent American Depositary Receipts.

Stocks shown as GDRs represent Global Depositary Receipts.

# Neptune Russia and Greater Russia Fund (change of name to Neptune Russia Fund on 7 August 2019)

## Investment Manager's report

for the six months ended 30 June 2019 (unaudited) (continued)

The top five purchases and sales for the six months are as follows:

<b>Purchases</b>	<b>Cost £000</b>
Novatek GDR (US Listing)	7,084
LUKOIL ADR (US Listing)	5,791
Sberbank of Russia ADR (US Listing)	5,737
MMC Norilsk Nickel ADR (US Listing)	5,537
X5 Retail GDR	3,490

<b>Purchases</b>	<b>Cost £000</b>
Sberbank of Russia ADR	6,396
Novatek GDR (US Listing)	5,693
Sberbank of Russia ADR (US Listing)	4,707
MMC Norilsk Nickel ADR (US Listing)	4,181
EPAM Systems	4,158

Stocks shown as ADRs represent American Depositary Receipts.

Stocks shown as GDRs represent Global Depositary Receipts.

# Neptune Russia and Greater Russia Fund (change of name to Neptune Russia Fund on 7 August 2019)

## Fund information

### Performance record

#### A Accumulation

	30 June 2019	31 December 2018	31 December 2017
Closing net asset value (£000)	53,914	48,027	55,608
Closing number of shares	12,143,558	13,680,626	16,592,068
Closing net asset value per share (p)	443.98	351.06	335.15
Operating Charge Figure <sup>‡</sup>	1.95%	2.01%	1.97%

#### C Accumulation

	30 June 2019	31 December 2018	31 December 2017
Closing net asset value (£000)	149,830	119,687	122,085
Closing number of shares	95,089,193	96,509,095	104,106,970
Closing net asset value per share (p)	157.57	124.02	117.27
Operating Charge Figure <sup>‡</sup>	1.00%	1.05%	1.02%

#### C Accumulation EUR

	30 June 2019	31 December 2018	31 December 2017
Closing net asset value (£000)	1,653	999	20
Closing number of shares	930,568	714,860	14,860
Closing net asset value per share (p)	177.59	139.74	132.14
Operating Charge Figure <sup>‡</sup>	1.00%	1.03%	1.02%

#### A Accumulation USD

	30 June 2019	31 December 2018	31 December 2017
Closing net asset value (£000)	5,094	4,196	4,875
Closing number of shares	4,339,970	4,521,123	5,502,638
Closing net asset value per share (p)	117.37	92.80	88.60
Operating Charge Figure <sup>‡</sup>	1.95%	2.01%	1.97%

#### C Accumulation USD

	30 June 2019	31 December 2018	31 December 2017
Closing net asset value (£000)	3,571	462	3,195
Closing number of shares	2,933,580	482,033	3,525,697
Closing net asset value per share (p)	121.74	95.83	90.62
Operating Charge Figure <sup>‡</sup>	0.96%	1.05%	1.03%

<sup>‡</sup>The OCF includes the annual management charge and other expenses. The OCF of the A share classes are currently capped at 2.13% per annum and the C share classes are currently capped at 1.16% per annum of the relevant share class net asset value by the ACD. This capping may cease at any time.

### Fund performance

The performance of the Fund is shown in the Investment Manager's Report on page 82.

### Status

Neptune Russia and Greater Russia Fund is a sub-fund of Neptune Investment Funds which is a UCITS scheme.

### 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 OEIC and the income from it can fall as well as rise and may be affected by exchange rate variations.

# Neptune Russia and Greater Russia Fund (change of name to Neptune Russia Fund on 7 August 2019)

## Financial Statements

### Statement of total return

for the six months ended 30 June 2019 (unaudited)

	30 June 2019		30 June 2018	
	£000	£000	£000	£000
Income				
Net capital gains		41,202		9,529
Revenue	6,020		3,529	
Expenses	(1,206)		(1,267)	
Interest payable and similar charges	(3)		—	
Net revenue before taxation	4,811		2,262	
Taxation	(629)		(256)	
Net revenue after taxation		4,182		2,006
Total return before equalisation		45,384		11,535
Equalisation		12		(65)
Change in net assets attributable to shareholders from investment activities		45,396		11,470

### Statement of change in net assets attributable to shareholders

for the six months ended 30 June 2019 (unaudited)

	30 June 2019		30 June 2018	
	£000	£000	£000	£000
Opening net assets attributable to shareholders		173,782		186,159
Amounts received on issue of shares	13,417		17,916	
Amounts paid on cancellation of shares	(18,533)		(38,889)	
		(5,116)		(20,973)
Dilution adjustment charged		—		21
Change in net assets attributable to shareholders from investment activities		45,396		11,470
Closing net assets attributable to shareholders		214,062		176,677

The opening net assets attributable to shareholders for 30 June 2019 is different to the closing position of the comparative period, this is due to the comparative being an interim period.

# Neptune Russia and Greater Russia Fund (change of name to Neptune Russia Fund on 7 August 2019)

## Financial Statements (continued)

### Balance sheet

as at 30 June 2019 (unaudited)

	30 June 2019		31 December 2018	
	£000	£000	£000	£000
<b>Assets</b>				
Fixed assets				
Investments		207,866		166,156
Current assets				
Debtors	4,191		1,153	
Cash and bank balances	2,782		7,201	
Total current assets		6,973		8,354
Total assets		214,839		174,510
<b>Liabilities</b>				
Creditors				
Other creditors	(777)		(728)	
Total liabilities		(777)		(728)
Net assets attributable to shareholders		214,062		173,782

### Notes to the interim financial statements

The interim financial statements have been prepared in accordance with the SORP for Authorised Funds issued by the Investment Association in May 2014.

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2018 and are described in those financial statements.

# Neptune UK Mid Cap Fund

## Investment objective

The investment objective of the Neptune UK Mid Cap Fund (the 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 EPM.

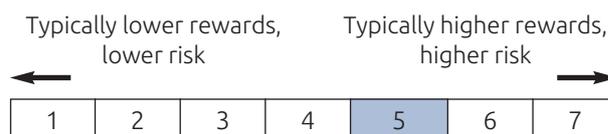
It is the intention to be near-fully invested at all times, however, the Fund has the facility to take tactical positions in cash or near cash should the ACD feel it appropriate.

The portfolio will be managed to ensure that the Fund is at all times eligible to be included in an ISA.

\*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 and reward profile

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



The Fund is in Category 5 because of the high range and frequency of price movements (volatility) of the underlying investments referenced by the Fund.

The following are additional risks not covered by the risk and reward category.

- Smaller company shares may be riskier as they can be more difficult to buy and sell and their share prices may move up and down more than larger companies.
- This Fund holds a limited number of investments. If one of these investments falls in value this can have a greater impact on the Fund's value than if it held a larger number of investments.
- For a full list of the Fund's risks, please see the Prospectus.

## Investment Manager's report

for the six months ended 30 June 2019 (unaudited)

The Neptune UK Mid Cap Fund returned 4.5% in the first half of 2019, versus the FTSE 250 Index and IA UK All Companies sector's respective returns of 13.0% and 13.1%\*.

The broad UK market, including the FTSE 250 index, had an encouraging first half of the year. Despite concerns over the political impasse around Brexit and the associated potential cost to the UK domestic economy, trade-weighted sterling was flat over the period after significant weakness in 2018. Within the market, small-caps underperformed their larger-cap brethren, whilst mid-caps performed in line with the FTSE All-Share Index. Partly as a result of the particular weakness of small-caps, the Fund underperformed its benchmark.

The major drag on performance over the half came from De La Rue, the currency and product authentication business. Economic sanctions on a major customer, Venezuela, meant that the company was unable to collect money owed to it in the period and, further, that excess banknote printing capacity arose in the market. When sanctions are lifted on Venezuela, both these issues should unwind. Having met with executive and non-executive management recently, we are confident that De La Rue maintains market leadership in a number of growth markets and has multiple self-help levers to enhance financial performance even in the absence of a market pick-up. Strong performance over the half came from Spirent, the network communications company, which benefited from a low valuation relative to international peers as well as continued excitement around the roll-out of 5G networks internationally. Long-term holding Devro, the sausage casings company, also performed well over the half and the ongoing benefits of recent years' capital expenditure place the company in a strong position to grow free cash flow and dividends in coming quarters.

Our long-held concerns over the outlook for the UK domestic economy continued to be reflected in economic data. Whilst valuations in some domestic consumer cyclical companies are optically low, we remain underweight in that area of the market. The Fund's limited exposure to UK-focused companies

primarily targets companies with structural earnings drivers and predictable earnings pipelines.

We remain confident in the prospects for selective UK mid- and small-cap companies, primarily because of attractive company-specific valuations but also due to the potential for further M&A activity. The Fund continues to make use of its ability to invest in large small-cap companies and we see exciting opportunities to invest in undervalued companies in this part of the market.

We continue to focus on maximising performance over the business cycle by way of our approach of structuring the Fund around the three silos of economic recovery, structural growth and corporate turnarounds. While we are somewhat cautious of elevated valuations in the broad market, we believe that the current environment creates unusually large opportunities for alpha generation. We are excited by the investment opportunities in the remainder of 2019 and believe there is significant potential for continued outperformance in the coming months and years.

*\*Source: Morningstar, C Accumulation share class performance, in sterling with no initial charges, net revenue reinvested to 30 June 2019. The performance of other share classes may differ. Past performance is not a guide for future performance. The value of an investment and any revenue 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. This Fund holds a greater percentage of smaller company stocks which can be higher risk than those in larger companies. References to specific securities and sectors 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. Forecasts are not a reliable indicator of future performance. Any views expressed are those of Neptune as at the date of issue and we do not undertake to advise you as to any changes in our views. Please refer to the Prospectus for further details.*

# Neptune UK Mid Cap Fund

## Investment Manager's report

for the six months ended 30 June 2019 (unaudited) (continued)

The Portfolio statement as at 30 June 2019 is as follows:

Holding	Portfolio of investments	Market value £000	Total net assets %
	<b>United Kingdom 94.09% (2018 - 95.80%)</b>		
	<b>Basic Materials 13.71% (2018 - 0.00%)</b>		
	<b>Chemicals 13.71%</b>		
13,131,277	Elementis	18,082	8.94
2,008,698	Synthomer	7,476	3.70
100,000	Victrex	2,160	1.07
	<b>Consumer Goods 8.15% (2018 - 16.06%)</b>		
	<b>Automobiles &amp; Parts 0.08%</b>		
87,050	TI Fluid Systems	171	0.08
	<b>Food Producers 8.07%</b>		
7,961,255	Devro	16,321	8.07
	<b>Consumer Services 2.46% (2018 - 8.48%)</b>		
	<b>Media 2.46%</b>		
7,030,310	ITE	4,970	2.46
	<b>Financials 3.86% (2018 - 3.32%)</b>		
	<b>Financial Services 3.86%</b>		
10,449,791	IP	7,816	3.86
	<b>Health Care 8.62% (2018 - 12.60%)</b>		
	<b>Health Care Equipment &amp; Services 3.32%</b>		
789,300	Consort Medical	6,709	3.32
	<b>Pharmaceuticals &amp; Biotechnology 5.30%</b>		
12,484,681	Circassia Pharmaceuticals	1,704	0.84
10,522,439	Vectura	9,028	4.46
	<b>Industrials 49.39% (2018 - 35.37%)</b>		
	<b>Aerospace &amp; Defence 8.61%</b>		
5,004,630	Chemring	9,088	4.49
509,392	Ultra Electronics	8,334	4.12
	<b>Construction &amp; Materials 6.37%</b>		
3,073,674	Tyman	7,423	3.67
3,088,416	Volution	5,467	2.70
	<b>Electronic &amp; Electrical Equipment 13.30%</b>		
839,676	IMI	8,754	4.33
6,637,901	Morgan Advanced Materials	18,148	8.97
	<b>General Industrials 2.10%</b>		
800,000	DS Smith	2,877	1.42
251,130	Vesuvius	1,370	0.68
	<b>Support Services 19.01%</b>		
5,367,375	De La Rue	16,317	8.07
4,116,952	Equiniti	9,057	4.48
2,177,809	Essentra	9,247	4.57
517,262	Ricardo	3,828	1.89
	<b>Technology 7.90% (2018 - 16.86%)</b>		
	<b>Software &amp; Computer Services 4.58%</b>		
5,710,501	NCC	9,274	4.58
	<b>Technology Hardware &amp; Equipment 3.32%</b>		
4,355,181	Spirent Communications	6,724	3.32

# Neptune UK Mid Cap Fund

## Investment Manager's report

for the six months ended 30 June 2019 (unaudited) (continued)

The Portfolio statement as at 30 June 2019 (continued)

Holding	Portfolio of investments	Market value £000	Total net assets %
	Telecommunications 0.00% (2018 - 3.11%)		
	Netherlands 3.98% (2018 - 0.83%)		
166,713	Rhi Magnesita	8,046	3.98
	Portfolio of investments	198,391	98.07
	Net other assets	3,904	1.93
	Net assets	202,295	100.00

All holdings are ordinary shares or stock units unless otherwise stated.  
Comparative figures shown above in brackets relate to 31 December 2018.

The top five purchases and sales for the six months are as follows:

Purchases	Cost £000
Elementis	23,012
Morgan Advanced Materials	15,564
NCC	10,918
Senior	9,107
Synthomer	7,473

Sales	Proceeds £000
NCC	25,658
Spirent Communications	21,882
Devro	20,383
TI Fluid Systems	14,576
PayPoint	14,303

# Neptune UK Mid Cap Fund

## Fund information

### Performance record

#### A Accumulation

	30 June 2019	31 December 2018	31 December 2017
Closing net asset value (£000)	13,681	16,915	32,449
Closing number of shares	3,353,392	4,322,921	6,678,065
Closing net asset value per share (p)	407.99	391.28	485.90
Operating Charge Figure <sup>‡</sup>	1.74%	1.65%	1.67%

#### C Income

	30 June 2019	31 December 2018	31 December 2017
Closing net asset value (£000)	10,698	26,085	59,766
Closing number of shares	11,547,022	28,962,188	51,908,999
Closing net asset value per share (p)	92.64	90.06	115.14
Operating Charge Figure <sup>‡</sup>	0.88%	0.79%	0.82%

#### C Accumulation

	30 June 2019	31 December 2018	31 December 2017
Closing net asset value (£000)	117,109	170,447	350,419
Closing number of shares	78,529,302	119,677,547	199,828,855
Closing net asset value per share (p)	149.13	142.42	175.36
Operating Charge Figure <sup>‡</sup>	0.88%	0.79%	0.82%

#### D Accumulation

	30 June 2019	31 December 2018	31 December 2017
Closing net asset value (£000)	60,807	79,001	130,295
Closing number of shares	45,282,162	61,629,550	82,638,625
Closing net asset value per share (p)	134.28	128.19	157.67
Operating Charge Figure <sup>‡</sup>	0.79%	0.69%	0.72%

<sup>‡</sup>The OCF includes the annual management charge and other expenses. The OCF of the A share class is currently capped at 1.82% per annum, the C share classes are currently capped at 0.95% per annum and the D share class is currently capped at 0.85% per annum of the relevant share class net asset value by the ACD. This capping may cease at any time.

### Fund performance

The performance of the Fund is shown in the Investment Manager's Report on page 90.

Details of the distributions per share for the six months are shown in the distribution tables on page 96.

### Status

Neptune UK Mid Cap Fund is a sub-fund of Neptune Investment Funds which is a UCITS scheme.

### 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 OEIC and the income from it can fall as well as rise and may be affected by exchange rate variations.

## Financial Statements

### Statement of total return

for the six months ended 30 June 2019 (unaudited)

	30 June 2019		30 June 2018	
	£000	£000	£000	£000
Income				
Net capital gains/(losses)		9,463		(22,827)
Revenue	4,347		8,243	
Expenses	(1,109)		(2,192)	
Interest payable and similar charges	(1)		(15)	
Net revenue before taxation	3,237		6,036	
Taxation	(12)		—	
Net revenue after taxation		3,225		6,036
Total return before distribution		12,688		(16,791)
Distribution		(744)		(1,321)
Change in net assets attributable to shareholders from investment activities		11,944		(18,112)

### Statement of change in net assets attributable to shareholders

for the six months ended 30 June 2019 (unaudited)

	30 June 2019		30 June 2018	
	£000	£000	£000	£000
Opening net assets attributable to shareholders		292,448		572,929
Amounts received on issue of shares	1,262		6,104	
Amounts paid on cancellation of shares	(103,359)		(85,734)	
		(102,097)		(79,630)
Change in net assets attributable to shareholders from investment activities		11,944		(18,112)
Closing net assets attributable to shareholders		202,295		475,187

The opening net assets attributable to shareholders for 30 June 2019 is different to the closing position of the comparative period, this is due to the comparative being an interim period.

## Financial Statements (continued)

### Balance sheet

as at 30 June 2019 (unaudited)

	30 June 2019		31 December 2018	
	£000	£000	£000	£000
<b>Assets</b>				
Fixed assets				
Investments		198,391		282,599
Current assets				
Debtors	2,275		1,862	
Cash and bank balances	6,466		10,027	
Total current assets		8,741		11,889
Total assets		207,132		294,488
<b>Liabilities</b>				
Creditors				
Distribution payable	(194)		(569)	
Other creditors	(4,643)		(1,471)	
Total liabilities		(4,837)		(2,040)
Net assets attributable to shareholders		202,295		292,448

### Notes to the interim financial statements

The interim financial statements have been prepared in accordance with the SORP for Authorised Funds issued by the Investment Association in May 2014.

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2018 and are described in those financial statements.

## Neptune UK Mid Cap Fund

### Distribution table

for the six months ended 30 June 2019 (unaudited) – in pence per share

#### Interim

Group 1-Shares purchased prior to 1 January 2019

Group 2-Shares purchased on or after 1 January 2019 to 30 June 2019

	Net revenue	Equalisation	Payable 31 August 2019	Paid 31 August 2018
<b>C Income shares</b>				
Group 1	1.6805	—	1.6805	1.7803
Group 2	1.1868	0.4937	1.6805	1.7803

The Accumulation share classes have changed distribution frequency and from 30 June 2018 will be distributing only at every year end.

# Neptune UK Opportunities Fund

## Investment objective

The investment objective of the Neptune UK Opportunities Fund (the 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.

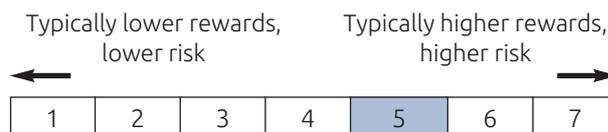
It is anticipated that derivative instruments and forward transactions may be used by the ACD for EPM.

It is the intention to be near-fully invested at all times, however, the 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 Fund is at all times eligible to be included in an ISA.

## Risk and reward profile

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



The Fund is in Category 5 because of the high range and frequency of price movements (volatility) of the underlying investments referenced by the Fund.

The following are additional risks not covered by the risk and reward category.

- This Fund holds a limited number of investments. If one of these investments falls in value this can have a greater impact on the Fund's value than if it held a larger number of investments.
- Although this Fund invests in companies of all sizes, significant investment will be made in smaller company shares. These may be riskier as they can be more difficult to buy and sell and their share prices may move up and down more than larger companies.
- For a full list of the Fund's risks, please see the Prospectus.

## Investment Manager's report

for the six months ended 30 June 2019 (unaudited)

The Neptune UK Opportunities Fund returned 10.9% in the first half of 2019, versus the FTSE All-Share Index gain of 13.0%.\*

The broad UK market had an encouraging first half of the year. Despite concerns over the political impasse around Brexit and the associated potential cost to the UK domestic economy, trade-weighted sterling was flat over the period after significant weakness in 2018. Within the market, small-caps underperformed their larger-cap brethren, whilst mid-caps performed in line with the FTSE All-Share Index. Despite the Fund's overweight position in small-caps, the Fund underperformed its benchmark. We continue to believe it is more important than ever to concentrate on economic risk (i.e. capital preservation) rather than benchmark risk at this stage in the cycle, with wage pressure building and margin pressure potentially ensuing.

Notably strong performance over the half came from PureTech Health, the biopharmaceutical company. This was largely driven by one of its affiliate companies, Karuna, announcing a successful initial public offering in the USA. Encouragingly, there were also multiple positive updates in other parts of this diversified company. We continue to believe the pipeline is undervalued and the company very overlooked. A major drag on performance over the half came from De La Rue, the currency and product authentication business. Economic sanctions on a major customer, Venezuela, meant that the company was unable to collect money owed to it in the period and, further, that excess banknote printing capacity arose in the market. When sanctions are lifted on Venezuela, we believe both these issues should unwind. Having met with executive and non-executive management recently, we are confident that De La Rue maintains market leadership in a number of growth markets and has multiple self-help levers to enhance financial performance even in the absence of a market pick-up. Long-term holding Devro, the sausage casings company, also performed well over the half and the ongoing benefits of recent years' capital expenditure place the company in a strong position to grow free cash flow and dividends in coming quarters.

Our long-held concerns over the outlook for the UK domestic economy continued to be reflected in

economic data. Whilst valuations in some domestic consumer cyclical companies are optically low, we remain underweight in that area of the market. The Fund's limited exposure to UK-focused companies primarily targets companies with structural earnings drivers and predictable earnings pipelines.

We remain confident in the prospects for selective UK companies, primarily because of attractive company-specific valuations but also due to the potential for further M&A activity. The Fund continues to make use of its ability to invest across the market cap spectrum and we see exciting opportunities to invest in undervalued companies in the smaller part of the market in particular.

We continue to focus on maximising performance over the business cycle by way of our approach of structuring the Fund around the three silos of economic recovery, structural growth and corporate turnarounds. While we are somewhat cautious of elevated valuations in the broad market, we believe that the current environment creates unusually large opportunities for alpha generation. We are excited by the investment opportunities in the remainder of 2019 and believe there is significant potential for continued outperformance in the coming months and years.

*\*Source: Morningstar, C Accumulation share class performance, in sterling with no initial charges, net revenue reinvested to 30 June 2019. The performance of other share classes may differ. Past performance is not a guide for future performance. The value of an investment and any revenue 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. This Fund holds a greater percentage of smaller company stocks which can be higher risk than those in larger companies. References to specific securities and sectors 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. Forecasts are not a reliable indicator of future performance. Any views expressed are those of Neptune as at the date of issue and we do not undertake to advise you as to any changes in our views. Please refer to the Prospectus for further details.*

# Neptune UK Opportunities Fund

## Investment Manager's report

for the six months ended 30 June 2019 (unaudited) (continued)

The Portfolio statement as at 30 June 2019 is as follows:

Holding	Portfolio of investments	Market value £000	Total net assets %
	<b>United Kingdom 89.76% (2018 - 91.19%)</b>		
	<b>Basic Materials 20.08% (2018 - 4.67%)</b>		
	<b>Chemicals 17.10%</b>		
819,543	Elementis	1,129	8.87
6,000	Johnson Matthey	198	1.56
112,360	Synthomer	418	3.28
20,000	Victrix	432	3.39
	<b>Mining 2.98%</b>		
15,000	Antofagasta	138	1.08
5,000	Rio Tinto	242	1.90
	<b>Consumer Goods 11.35% (2018 - 15.00%)</b>		
	<b>Automobiles &amp; Parts 1.08%</b>		
70,000	TI Fluid Systems	138	1.08
	<b>Food Producers 6.66%</b>		
413,460	Devro	848	6.66
	<b>Household Goods &amp; Home Construction 0.83%</b>		
137,790	McBride	106	0.83
	<b>Personal Goods 2.78%</b>		
165,903	PZ Cussons	354	2.78
	<b>Consumer Services 2.67% (2018 - 4.11%)</b>		
	<b>Media 1.02%</b>		
10,000	Euromoney Institutional Investor	130	1.02
	<b>Travel &amp; Leisure 1.65%</b>		
75,000	Domino's Pizza	210	1.65
	<b>Financials 1.68% (2018 - 4.45%)</b>		
	<b>Real Estate Investment &amp; Services 1.68%</b>		
582,930	Raven Property	214	1.68
	<b>Health Care 7.14% (2018 - 16.08%)</b>		
	<b>Health Care Equipment &amp; Services 2.76%</b>		
41,277	Consort Medical	351	2.76
	<b>Pharmaceuticals &amp; Biotechnology 4.38%</b>		
650,350	Vectura	558	4.38
	<b>Industrials 38.94% (2018 - 32.45%)</b>		
	<b>Aerospace &amp; Defence 8.91%</b>		
624,289	Chemring	1,134	8.91
	<b>Construction &amp; Materials 3.14%</b>		
103,000	Tyman	249	1.96
85,000	Volution	150	1.18
	<b>Electronic &amp; Electrical Equipment 8.49%</b>		
204,892	Morgan Advanced Materials	560	4.40
41,317	Oxford Instruments	521	4.09
	<b>Industrial Engineering 2.78%</b>		
8,614	Bodycote	70	0.55
198,753	Flowtech Fluidpower	263	2.07
439	Rhi Magnesita	21	0.16

# Neptune UK Opportunities Fund

## Investment Manager's report

for the six months ended 30 June 2019 (unaudited) (continued)

The Portfolio statement as at 30 June 2019 (continued)

Holding	Portfolio of investments	Market value £000	Total net assets %
	<b>Support Services 15.62%</b>		
188,380	De La Rue	573	4.50
137,751	Essentra	585	4.59
71,737	Ricardo	531	4.17
276,495	RPS	300	2.36
	<b>Oil &amp; Gas 0.00% (2018 - 1.54%)</b>		
	<b>Technology 7.90% (2018 - 8.67%)</b>		
	<b>Software &amp; Computer Services 4.04%</b>		
316,415	NCC	514	4.04
	<b>Technology Hardware &amp; Equipment 3.86%</b>		
318,543	Spirent Communications	492	3.86
	<b>Telecommunications 0.00% (2018 - 4.22%)</b>		
	<b>Switzerland 0.00% (2018 - 1.14%)</b>		
	<b>United States 9.21% (2018 - 7.01%)</b>		
514,637	PureTech Health	1,173	9.21
	Portfolio of investments	12,602	98.97
	Net other assets	131	1.03
	Net assets	12,733	100.00

All holdings are ordinary shares or stock units unless otherwise stated.  
Comparative figures shown above in brackets relate to 31 December 2018.

The top five purchases and sales for the six months are as follows:

Purchases	Cost £000
Elementis	1,331
Morgan Advanced Materials	630
De La Rue	555
Chemring	535
Ricardo	509
<b>Sales</b>	<b>Proceeds £000</b>
Devro	730
Vectura	685
Chemring	620
ITE	591
Equiniti	579

# Neptune UK Opportunities Fund

## Fund information

### Performance record

#### A Accumulation

	30 June 2019	31 December 2018	31 December 2017
Closing net asset value (£000)	3,069	3,065	4,709
Closing number of shares	1,524,205	1,677,876	2,113,536
Closing net asset value per share (p)	201.38	182.67	222.80
Operating Charge Figure <sup>‡</sup>	1.90%	1.87%*	1.85%

#### C Accumulation

	30 June 2019	31 December 2018	31 December 2017
Closing net asset value (£000)	9,070	9,049	13,243
Closing number of shares	5,677,365	6,269,977	7,587,743
Closing net asset value per share (p)	159.76	144.32	174.53
Operating Charge Figure <sup>‡</sup>	1.05%	1.02%*	1.00%

#### D Accumulation

	30 June 2019	31 December 2018	31 December 2017
Closing net asset value (£000)	594	700	1,119
Closing number of shares	525,853	687,120	909,854
Closing net asset value per share (p)	112.81	101.85	123.06
Operating Charge Figure <sup>‡</sup>	0.95%	0.92%*	0.90%

<sup>‡</sup>The OCF includes the annual management charge and other expenses. The OCF of the A share class is currently capped at 1.93% per annum, the C share class is currently capped at 1.06% per annum and the D share class is currently capped at 0.96% per annum of the relevant share class net asset value by the ACD. This capping may cease at any time.

\* Prior year figures have been restated to include a Distribution fee amount in relation to prior year.

### Fund performance

The performance of the Fund is shown in the Investment Manager's Report on page 98.

### Status

Neptune UK Opportunities Fund is a sub-fund of Neptune Investment Funds which is a UCITS scheme.

### 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 OEIC and the income from it can fall as well as rise and may be affected by exchange rate variations.

## Financial Statements

### Statement of total return

for the six months ended 30 June 2019 (unaudited)

	30 June 2019		30 June 2018	
	£000	£000	£000	£000
Income				
Net capital gains/(losses)		1,157		(421)
Revenue	219		294	
Expenses	(91)		(107)	
Interest payable and similar charges	(1)		—	
Net revenue before taxation	<u>127</u>		<u>187</u>	
Taxation	—		—	
Net revenue after taxation		<u>127</u>		<u>187</u>
Total return before equalisation/distribution		<u>1,284</u>		<u>(234)</u>
Equalisation/distribution		<u>(5)</u>		<u>(11)</u>
Change in net assets attributable to shareholders from investment activities		<u>1,279</u>		<u>(245)</u>

### Statement of change in net assets attributable to shareholders

for the six months ended 30 June 2019 (unaudited)

	30 June 2019		30 June 2018	
	£000	£000	£000	£000
Opening net assets attributable to shareholders		12,858		19,185
Amounts received on issue of shares	189		327	
Amounts paid on cancellation of shares	<u>(1,593)</u>		<u>(2,139)</u>	
		<u>(1,404)</u>		<u>(1,812)</u>
Change in net assets attributable to shareholders from investment activities		<u>1,279</u>		<u>(245)</u>
Closing net assets attributable to shareholders		<u>12,733</u>		<u>17,128</u>

The opening net assets attributable to shareholders for 30 June 2019 is different to the closing position of the comparative period, this is due to the comparative being an interim period.

# Neptune UK Opportunities Fund

## Financial Statements (continued)

### Balance sheet

as at 30 June 2019 (unaudited)

	30 June 2019		31 December 2018	
	£000	£000	£000	£000
<b>Assets</b>				
Fixed assets				
Investments		12,602		12,773
Current assets				
Debtors	71		52	
Cash and bank balances	129		152	
Total current assets		200		204
Total assets		12,802		12,977
<b>Liabilities</b>				
Creditors				
Distribution payable	—		(1)	
Other creditors	(69)		(118)	
Total liabilities		(69)		(119)
Net assets attributable to shareholders		12,733		12,858

### Notes to the interim financial statements

The interim financial statements have been prepared in accordance with the SORP for Authorised Funds issued by the Investment Association in May 2014.

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2018 and are described in those financial statements.

## Investment objective

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

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

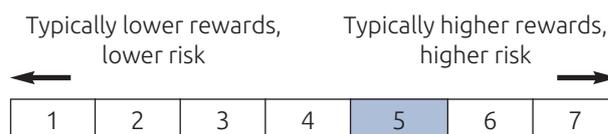
It is anticipated that derivative instruments and forward transactions may be used by the ACD for EPM.

It is the intention to be near fully invested at all times, however, the 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 Fund is at all times eligible to be included in an ISA.

## Risk and reward profile

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



The Fund is in Category 5 because of the high range and frequency of price movements (volatility) of the underlying investments referenced by the Fund.

The following are additional risks not covered by the risk and reward category.

- Investing overseas can bring additional returns and spread risk to different markets. There are risks, however, that changes in currency rates will reduce the value of your investment.
- The level of income is not guaranteed.
- This Fund holds a limited number of investments. If one of these investments falls in value this can have a greater impact on the Fund's value than if it held a larger number of investments.
- For a full list of the Fund's risks, please see the Prospectus.

## Investment Manager's report

for the six months ended 30 June 2019 (unaudited)

During the first half of 2019, the Neptune US Income Fund returned 16.8% versus the S&P 500 Index return of 18.6% and the IA North America sector average return of 18.9%.\* The Fund ended the period with a yield of 1.95%†.

US equities recovered from their slump at the end of 2018 as many of the concerns that caused such a poor end to last year diminished. The market's fears over the China/US trade war have subsided a little since December but it is also clear that swift reconciliation is unlikely and that we could be in for a protracted and damaging trade war as we approach US presidential elections in 2020. Most importantly, however, the Fed conducted an about turn on its monetary policy stance. At the end of last year, markets were concerned the Fed was going to continue to tighten monetary policy despite growing evidence that the US economy was likely to slow from the 2018 run-rate. Jerome Powell, the Fed Governor, has since calmed markets with his so-called dovish pivot and has readied the market for interest cuts in the second half of 2019. This dovish move and soft economic data caused a further slide in 10 year government bond yields which finished June 2019 at just a smidge above 2%.

Fourth quarter earnings reported since the start of the year were noticeably weaker corroborating the slower but still growing economy (delivering mid-teen earnings per share growth (8-9% stripping out tax reform). The level of earnings surprises in 2018 were knock out but in this latest quarter reverted back closer to normal with a high 60s percentage level of companies beating expectations rather than the high 70s and the average surprise around 3% or half the level of the last 5 or 6 quarters. Pleasingly, the latest set of earnings reported during April and May were stronger but it is notable that earnings expectations for 2019 have been cut significantly during the first half of this year.

Sector wise there has been less of a clear cut cyclical versus defensive divide so far this year although the more typically cyclical sectors performed better this quarter despite the sharp move lower in bond yields. Healthcare has continued to underperform in the face of continued discussion on 'Medicare for All' – an NHS type system – once gain sparking fears over drug pricing and the insurance-driven industry business model. Energy was also notably weak. Rather than sectors, the main determinant of returns this year has arguably been factors including quality and growth which have outperformed at the expense of value. High price-to-earnings, high sales and earnings per share growth stocks have significantly outperformed their low quality, low valuation and low growth peers. While the backdrop of softening economic expectations and lower yields would help explain much of this, we would also contend that digital disruption is also driving a wide stake between the haves and have nots. The disrupters and their embracers are growing at the expense of the disrupted.

The seemingly rapidly changing global economic outlook and heightened level of geopolitical

uncertainty continues, in our view, to support our strategy of not being aggressively overweight or underweight individual sectors. Instead, we look to deliver outperformance by finding companies within sectors that are well placed in terms of our disruption theme angle and sustainably grow dividends ahead of the market. Often we feel the market underappreciates dividend paying companies like these.

While we were slightly behind the S&P, we were in-line with the wider US peer group. More representatively, we were broadly in-line with our US Income peers and US dividend indices during the quarter.

Individual stock selection drove the majority of relative performance. Despite the Russell 2000 marginally outperforming the S&P 500, many of our mid-cap holdings lagged the sharp rally. This bias has been detrimental to the Fund over the last couple of quarters but we believe will be beneficial over the longer term and remain better placed than many of their larger peers to embrace the new digital economy.

Technology was our strongest sector with a number of strong individual stock returns including Motorola Solutions, the two-way private network radio company that is increasingly well positioned to capture growth from the control-room centre software market, and Xilinx, the semiconductor chip manufacturer, whose results demonstrated they are benefitting from the upcoming build out of various 5G networks around the world. Some of the Fund's weaker performers were within Healthcare due to aforementioned fears over 'Medicare for All.' News flow surrounding this sector is likely to remain volatile in the run up to elections in November 2020.

The Fund's turnover was extremely low during the quarter and we remain focused on finding dividend stocks with latency potential and where we believe the outlook for dividend growth has room to improve in the medium term.

†Yield quoted on C Income share class. The yield on other share classes may differ.

\*Source: Morningstar, C Accumulation share class performance, in sterling with no initial charges, net revenue reinvested to 30 June 2019. The performance of other share classes may differ. Past performance is not a guide for future performance. The value of an investment and any revenue from it can fall as well as rise as a result of market and currency fluctuations and you may not get back the original amount invested. References to specific securities and sectors 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. Forecasts are not a reliable indicator of future performance. Any views expressed are those of Neptune as at the date of issue and we do not undertake to advise you as to any changes in our views. Please refer to the Prospectus for further details.

# Neptune US Income Fund

## Investment Manager's report

for the six months ended 30 June 2019 (unaudited) (continued)

The Portfolio statement as at 30 June 2019 is as follows:

Holding	Portfolio of investments	Market value £000	Total net assets %
	<b>United States 91.99% (2018 - 89.60%)</b>		
	<b>Basic Materials 4.60% (2018 - 5.15%)</b>		
	<b>Chemicals 4.60%</b>		
4,666	Dow	187	0.51
4,666	DuPont de Nemours	271	0.73
7,800	LyondellBasell Industries	533	1.44
15,000	RPM International	707	1.92
	<b>Consumer Goods 10.28% (2018 - 9.73%)</b>		
	<b>Beverages 2.68%</b>		
8,450	Molson Coors Brewing	369	1.00
5,990	PepsiCo	622	1.68
	<b>Food Producers 4.28%</b>		
4,666	Corteva	109	0.30
14,800	Lamb Weston	720	1.95
7,400	Medifast	750	2.03
	<b>Household Goods &amp; Home Constructions 1.64%</b>		
5,380	Stanley Black & Decker	607	1.64
	<b>Personal Goods 1.68%</b>		
39,550	Coty	410	1.11
15,800	Hanesbrands	210	0.57
	<b>Consumer Services 9.15% (2018 - 8.66%)</b>		
	<b>General Retailers 5.95%</b>		
4,200	Home Depot	685	1.85
23,200	Service Corporation International	844	2.29
16,000	TJX	667	1.81
	<b>Media 1.86%</b>		
20,800	Comcast	688	1.86
	<b>Travel &amp; Leisure 1.34%</b>		
10,700	Las Vegas Sands	496	1.34
	<b>Financials 14.41% (2018 - 15.37%)</b>		
	<b>Banks 5.31%</b>		
22,649	Atlantic Union Bankshares	620	1.68
24,000	Fifth Third Bancorp	516	1.40
9,150	SunTrust Banks	442	1.20
29,550	Umpqua	382	1.03
	<b>Financial Services 4.80%</b>		
10,000	Bank of New York Mellon	342	0.93
1,570	BlackRock	575	1.56
6,340	Visa 'A'	855	2.31
	<b>Nonlife Insurance 1.93%</b>		
9,100	Marsh & McLennan	712	1.93
	<b>Real Estate Investment Trusts 2.37%</b>		
5,386	American Tower	874	2.37

# Neptune US Income Fund

## Investment Manager's report

for the six months ended 30 June 2019 (unaudited) (continued)

The Portfolio statement as at 30 June 2019 (continued)

Holding	Portfolio of investments	Market value £000	Total net assets %
	<b>Health Care 13.00% (2018 - 12.34%)</b>		
	<b>Health Care Equipment &amp; Services 4.00%</b>		
10,400	Medtronic	799	2.16
3,500	UnitedHealth	680	1.84
	<b>Pharmaceuticals &amp; Biotechnology 9.00%</b>		
12,400	Abbott Laboratories	818	2.22
7,950	AbbVie	439	1.19
13,300	Bristol-Myers Squibb	473	1.28
12,940	Merck & Co	855	2.32
21,550	Pfizer	736	1.99
	<b>Industrials 17.35% (2018 - 16.25%)</b>		
	<b>Aerospace &amp; Defence 1.16%</b>		
3,050	General Dynamics	427	1.16
	<b>Construction &amp; Materials 2.26%</b>		
16,070	Simpson Manufacturing	834	2.26
	<b>Electronic &amp; Electrical Equipment 1.08%</b>		
12,200	National Instruments	399	1.08
	<b>General Industrials 1.98%</b>		
5,350	Honeywell International	733	1.98
	<b>Industrial Engineering 3.46%</b>		
8,950	MSA Safety	737	2.00
4,223	Rockwell Automation	540	1.46
	<b>Support Services 7.41%</b>		
6,150	Automatic Data Processing	795	2.15
13,400	Brink's	852	2.31
6,750	Broadridge Financial Solutions	685	1.86
32,500	Resources Connection	402	1.09
	<b>Oil &amp; Gas 1.05% (2018 - 2.05%)</b>		
	<b>Oil &amp; Gas Producers 1.05%</b>		
9,900	Occidental Petroleum	388	1.05
	<b>Technology 17.98% (2018 - 16.20%)</b>		
	<b>Software &amp; Computer Services 7.83%</b>		
57,500	Hackett	747	2.02
14,087	Microsoft	1,489	4.03
6,187	SAP ADR	657	1.78
	<b>Technology Hardware &amp; Equipment 10.15%</b>		
6,109	Apple	962	2.61
2,820	Broadcom	635	1.72
7,400	Motorola Solutions	960	2.60
6,800	Texas Instruments	621	1.68
6,100	Xilinx	568	1.54
	<b>Utilities 4.17% (2018 - 3.85%)</b>		
	<b>Electricity 4.17%</b>		
18,282	CMS Energy	829	2.25
4,400	NextEra Energy	709	1.92

# Neptune US Income Fund

## Investment Manager's report

for the six months ended 30 June 2019 (unaudited) (continued)

The Portfolio statement as at 30 June 2019 (continued)

Holding	Portfolio of investments	Market value £000	Total net assets %
	<b>Bermuda 4.30% (2018 - 3.98%)</b>		
31,600	Golar LNG	439	1.19
20,700	James River	755	2.05
14,500	Lazard	392	1.06
	<b>Switzerland 0.00% (2018 - 0.90%)</b>		
	<b>United Kingdom 2.53% (2018 - 1.87%)</b>		
49,000	Luxfer	933	2.53
	Portfolio of investments	36,481	98.82
	Net other assets	435	1.18
	Net assets	<u>36,916</u>	<u>100.00</u>

All holdings are ordinary shares or stock units unless otherwise stated.

Comparative figures shown above in brackets relate to 31 December 2018.

Stocks shown as ADRs represent American Depositary Receipts.

The top five purchases and sales for the six months are as follows:

Purchases	Cost £000
Occidental Petroleum	384
UnitedHealth	363
Abbott Laboratories	337
Medifast	164
Golar LNG	159

Sales	Proceeds £000
Enterprise Products Partners	622
Blackstone	570
TE Connectivity	342
Valley National Bancorp	221
Broadcom	67

# Neptune US Income Fund

## Fund information

### Performance record

#### C Income

	30 June 2019	31 December 2018	31 December 2017
Closing net asset value (£000)	15,876	14,077	12,575
Closing number of shares	8,198,253	8,404,378	7,326,732
Closing net asset value per share (p)	193.66	167.49	171.64
Operating Charge Figure <sup>‡</sup>	1.00%	0.98%	0.93%

#### C Accumulation

	30 June 2019	31 December 2018	31 December 2017
Closing net asset value (£000)	21,040	18,408	17,652
Closing number of shares	9,361,904	9,570,337	9,153,825
Closing net asset value per share (p)	224.74	192.34	192.83
Operating Charge Figure <sup>‡</sup>	1.00%	0.98%	0.94%

<sup>‡</sup>The OCF includes the annual management charge and other expenses. The OCF of the C share classes are currently capped at 1.11% per annum of the relevant share class net asset value by the ACD. This capping may cease at any time.

### Fund performance

The performance of the Fund is shown in the Investment Manager's Report on page 105.

Details of the distributions per share for the six months are shown in the distribution tables on page 112.

### Status

Neptune US Income Fund is a sub-fund of Neptune Investment Funds which is a UCITS scheme.

### 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 OEIC and the income from it can fall as well as rise and may be affected by exchange rate variations.

## Financial Statements

### Statement of total return

for the six months ended 30 June 2019 (unaudited)

	30 June 2019		30 June 2018	
	£000	£000	£000	£000
Income				
Net capital gains		5,235		1,446
Revenue	444		396	
Expenses	(182)		(149)	
Interest payable and similar charges	—		—	
Net revenue before taxation	<u>262</u>		<u>247</u>	
Taxation	(58)		(51)	
Net revenue after taxation		<u>204</u>		<u>196</u>
Total return before distribution		5,439		1,642
Distribution		(168)		(243)
Change in net assets attributable to shareholders from investment activities		<u>5,271</u>		<u>1,399</u>

### Statement of change in net assets attributable to shareholders

for the six months ended 30 June 2019 (unaudited)

	30 June 2019		30 June 2018	
	£000	£000	£000	£000
Opening net assets attributable to shareholders		32,485		30,227
Amounts received on issue of shares	6,179		2,992	
Amounts paid on cancellation of shares	(7,020)		(1,898)	
		(841)		1,094
Dilution adjustment charged		1		—
Change in net assets attributable to shareholders from investment activities		5,271		1,399
Retained distribution on accumulation shares		—		103
Closing net assets attributable to shareholders		<u>36,916</u>		<u>32,823</u>

The opening net assets attributable to shareholders for 30 June 2019 is different to the closing position of the comparative period, this is due to the comparative being an interim period.

# Neptune US Income Fund

## Financial Statements (continued)

### Balance sheet

as at 30 June 2019 (unaudited)

	30 June 2019		31 December 2018	
	£000	£000	£000	£000
<b>Assets</b>				
Fixed assets				
Investments		36,481		31,299
Current assets				
Debtors	63		356	
Cash and bank balances	589		990	
Total current assets		652		1,346
Total assets		37,133		32,645
<b>Liabilities</b>				
Creditors				
Distribution payable	(82)		(78)	
Other creditors	(135)		(82)	
Total liabilities		(217)		(160)
Net assets attributable to shareholders		36,916		32,485

### Notes to the interim financial statements

The interim financial statements have been prepared in accordance with the SORP for Authorised Funds issued by the Investment Association in May 2014.

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2018 and are described in those financial statements.

# Neptune US Income Fund

## Distribution table

for the six months ended 30 June 2019 (unaudited) – in pence per share

### 1st Quarter

Group 1-Shares purchased prior to 1 January 2019

Group 2-Shares purchased on or after 1 January 2019 to 31 March 2019

	Net revenue	Equalisation	Paid 31 May 2019	Paid 31 May 2018
<b>C Income shares</b>				
Group 1	0.9794	—	0.9794	0.9938
Group 2	0.4206	0.5588	0.9794	0.9938

### Interim

Group 1-Shares purchased prior to 1 April 2019

Group 2-Shares purchased on or after 1 April 2019 to 30 June 2019

	Net revenue	Equalisation	Payable 31 August 2019	Paid 31 August 2018
<b>C Income shares</b>				
Group 1	1.0005	—	1.0005	0.8922
Group 2	0.3643	0.6362	1.0005	0.8922

The Accumulation share classes have changed distribution frequency and from 30 June 2018 will be distributing only at every year end.

# Neptune US Opportunities Fund

## Investment objective

The investment objective of the Neptune US Opportunities Fund (the 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.

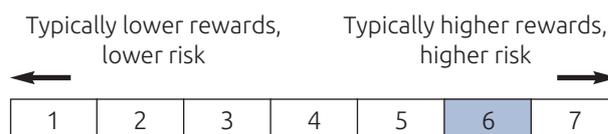
It is anticipated that derivative instruments and forward transactions may be used by the ACD for EPM.

It is the intention to be near-fully invested at all times, however, the 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 Fund is at all times eligible to be included in an ISA.

## Risk and reward profile

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



The Fund is in Category 6 because of the high range and frequency of price movements (volatility) of the underlying investments referenced by the Fund.

The following are additional risks not covered by the risk and reward category.

- Investing overseas can bring additional returns and spread risk to different markets. There are risks, however, that changes in currency rates will reduce the value of your investment.
- This Fund holds a limited number of investments. If one of these investments falls in value this can have a greater impact on the Fund's value than if it held a larger number of investments.
- For a full list of the Fund's risks, please see the Prospectus.

## Investment Manager's report

for the six months ended 30 June 2019 (unaudited)

In the first half of 2019, the Neptune US Opportunities Fund returned 22.4%, versus the S&P 500 Index's gain of 18.6% and the IA North America peer group average return of 18.9%. The performance saw the Fund rank in the top quartile for the period.\*

Performance was helped by strong stockpicking in the technology, industrial and healthcare sectors. Twilio continues to demonstrate that it is disrupting the communications industry and we believe there are significant cross-sell opportunities from its recent SendGrid acquisition. We are however mindful of heightened valuations in the coveted software industry. Iqvia is another disruptor, this time in the healthcare sector that delivered a strong earnings report during the quarter. They stand to benefit from the continued incremental outsourcing of clinical development by biopharma companies. 8x8, a relatively new addition to the Fund, attracted more attention partly as a result of the very successful IPO of Zoom, the video communications company, which also operates in the communications platform as a service (CPaaS) space. Additionally, our companies exposed to both the 'payments' and 'data assets' themes, including MasterCard, Equifax and S&P Global, have enjoyed strong returns this quarter. Both sub-sectors have benefited from the clear divergence between the returns of quality growth and value stocks this year. In 2019, high price-to-earnings, high sales and earnings-per-share growth stocks have significantly outperformed their low quality, low valuation and low growth peers. While the backdrop of softening economic expectations and lower bond yields (further dovish steps from the Fed this quarter helped 10 year yields to finish the quarter at 2%) would help explain much of this, we would also contend that digital disruption is also driving a wide stake between the haves and have nots. The disrupters and their embracers are growing at the expense of the disrupted. This disruption dynamic is at the forefront of our minds in this fund.

On the other side of the ledger, the main drag on the Fund came from Livanova, the medical devices company. The shares have significantly underperformed after reporting disappointing revenue growth particularly within its core epilepsy franchise. The company blamed heightened competitive pressures in the US from new anti-epileptic drug Epidiolex to which they have also reportedly lost members of their sales team. The company now has a job of rebuilding credibility with investors after also perhaps overpromising on its treatment resistant depression product at the beginning of the year. We nevertheless believe that patient investors will be rewarded here as the pipeline remains strong. The healthcare sector more generally has been under pressure this year as the market has digested what 'Medicare for All' – an NHS style system that a number of Democrat 2020 presidential candidates have been calling for – could mean for the current insurance-led industry business model. Whilst there is currently an extremely low probability of a single payer system

becoming a reality in the United States, newsflow on this topic is likely to remain a headwind for the sector up until the November 2020 elections.

We are concerned over what investors may be relying on as 'safe assets' – especially in the consumer staples space – that are anything but. Low growth, high leverage and changing consumer preferences do not suggest 'defensive assets' in our view. Many of the companies that fall into this bracket have outperformed their fundamentals year to date, in our view, benefiting from the Fed's so-called dovish pivot, marking an about turn in monetary policy, which has led to the sharp fall in the 10 year bond yield.

We instead manage the Fund using a clear process which emphasises research at the company level. We do not take large sector or factor bets, but we do take meaningful positions (up to ~5% of the Fund) in companies and management teams in which we believe for the long run. The portfolio is fairly concentrated (40-60 positions) and turnover remains low. Investors have repeatedly underestimated the power of network effects and the sustainability of historically 'supernormal' returns (seen mainly in the technology industry). The economy is becoming more concentrated as three-quarters of US industries have seen an increase in the concentration of wealth over the past two decades (source: Brookings Institute). We think this potentially offers higher sustainability of returns on capital and can underpin reasonable real returns for investors.

Our deepest-held conviction is that the US will – at some point – see a sustained and meaningful increase in productivity owing to innovation and the application of new technologies to less productive industries. Three out of four US workers have seen almost no increase in the productivity of their labour since 2000 – whereas 1 in 4 (concentrated in more digitised industries) has seen more than 50% improvement. This ultimately underpins our optimistic outlook on the US economy over the long term.

*\*Source: Morningstar, C Accumulation share class performance, in sterling with no initial charges, net revenue reinvested to 30 June 2019. The performance of other share classes may differ. Past performance is not a guide for future performance. The value of an investment and any revenue from it can fall as well as rise as a result of market and currency fluctuations and you may not get back the original amount invested. References to specific securities and sectors 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. Forecasts are not a reliable indicator of future performance. Any views expressed are those of Neptune as at the date of issue and we do not undertake to advise you as to any changes in our views. Please refer to the Prospectus for further details.*

# Neptune US Opportunities Fund

## Investment Manager's report

for the six months ended 30 June 2019 (unaudited) (continued)

The Portfolio statement as at 30 June 2019 is as follows:

Holding	Portfolio of investments	Market value £000	Total net assets %
	<b>United States 89.31% (2018 - 90.34%)</b>		
	<b>Basic Materials 2.17% (2018 - 2.64%)</b>		
	<b>Chemicals 1.76%</b>		
44,717	Dow	1,795	0.72
44,717	DuPont de Nemours	2,601	1.04
	<b>Mining 0.41%</b>		
44,717	Corteva	1,041	0.41
	<b>Consumer Goods 6.70% (2018 - 3.87%)</b>		
	<b>Food Producers 3.33%</b>		
195,630	Mondelez International 'A'	8,343	3.33
	<b>General Retailers 2.12%</b>		
67,872	Lowe's Cos	5,314	2.12
	<b>Personal Goods 1.25%</b>		
302,947	Coty 'A'	3,137	1.25
	<b>Consumer Services 6.67% (2018 - 8.40%)</b>		
	<b>General Retailers 4.06%</b>		
6,777	Amazon.com	10,168	4.06
	<b>Media 2.61%</b>		
198,057	Comcast 'A'	6,555	2.61
	<b>Financials 16.79% (2018 - 18.49%)</b>		
	<b>Banks 2.95%</b>		
172,862	Citizens Financial	4,737	1.89
15,264	SVB Financial	2,662	1.06
	<b>Financial Services 13.84%</b>		
84,217	Bank of New York Mellon	2,880	1.15
53,411	Cboe Global Markets	4,464	1.78
44,196	Equifax	4,611	1.84
77,262	Intercontinental Exchange	5,208	2.08
50,838	Mastercard 'A'	10,463	4.17
39,549	S&P Global	7,073	2.82
	<b>Health Care 17.03% (2018 - 16.15%)</b>		
	<b>Health Care Equipment &amp; Services 10.55%</b>		
75,602	Baxter International	4,868	1.94
46,862	DENTSPLY SIRONA	2,128	0.85
43,354	HCA Healthcare	4,583	1.83
235,360	Natus Medical	4,686	1.87
52,368	UnitedHealth	10,169	4.06
	<b>Pharmaceuticals &amp; Biotechnology 6.48%</b>		
399,535	Horizon Therapeutics	7,573	3.02
70,293	IQVIA	8,679	3.46
	<b>Industrials 10.25% (2018 - 11.04%)</b>		
	<b>Aerospace &amp; Defence 1.78%</b>		
31,924	General Dynamics	4,472	1.78
	<b>General Industrials 4.88%</b>		
94,465	Fortive	5,983	2.39
45,480	Honeywell International	6,232	2.49

# Neptune US Opportunities Fund

## Investment Manager's report

for the six months ended 30 June 2019 (unaudited) (continued)

The Portfolio statement as at 30 June 2019 (continued)

Holding	Portfolio of investments	Market value £000	Total net assets %
141,746	<b>Support Services 3.59%</b> Brink's	9,013	3.59
123,458	<b>Oil &amp; Gas 0.88% (2018 - 3.50%)</b> <b>Oil Equipment, Services &amp; Distribution 0.88%</b> Halliburton	2,211	0.88
24,945	<b>Technology 23.68% (2018 - 23.22%)</b> <b>Software &amp; Computer Services 19.96%</b> Adobe	5,764	2.30
12,077	Alphabet 'A'	10,247	4.09
109,755	Black Knight	5,211	2.08
55,588	Electronic Arts	4,344	1.73
25,949	Facebook 'A'	3,876	1.55
123,408	Microsoft	13,046	5.20
69,756	Twilio 'A'	7,544	3.01
159,736	<b>Support Services 0.75%</b> Clarivate Analytics	1,871	0.75
47,383	<b>Technology Hardware &amp; Equipment 2.97%</b> Apple	7,459	2.97
310,469	<b>Telecommunications 2.31% (2018 - 0.00%)</b> <b>Fixed Line Telecommunications 2.31%</b> 8x8	5,780	2.31
43,993	<b>Utilities 2.83% (2018 - 3.03%)</b> <b>Electricity 2.83%</b> NextEra Energy	7,093	2.83
127,058	<b>United Kingdom 8.47% (2018 - 9.49%)</b> LivaNova	7,208	2.88
190,000	Luxfer	3,617	1.44
69,935	Willis Towers Watson	10,413	4.15
	Portfolio of investments	245,122	97.78
	Net other assets	5,574	2.22
	Net assets	250,696	100.00

All holdings are ordinary shares or stock units unless otherwise stated.

Comparative figures shown above in brackets relate to 31 December 2018.

# Neptune US Opportunities Fund

## Investment Manager's report

for the six months ended 30 June 2019 (unaudited) (continued)

The top five purchases and sales for the six months are as follows:

<b>Purchases</b>	<b>Cost £000</b>
Lowe's Cos	5,307
Black Knight	4,935
Natus Medical	4,903
8x8	4,752
Clarivate Analytics	1,853

<b>Sales</b>	<b>Proceeds £000</b>
Enterprise Products Partners	6,069
DXC Technology	4,882
Home Depot	4,268
Suntrast Banks	3,299
Microsoft	1,802

# Neptune US Opportunities Fund

## Fund information

### Performance record

#### A Accumulation

	30 June 2019	31 December 2018	31 December 2017
Closing net asset value (£000)	59,054	51,777	59,221
Closing number of shares	10,713,360	11,446,687	13,126,879
Closing net asset value per share (p)	551.22	452.33	451.14
Operating Charge Figure <sup>†</sup>	1.78%	1.76%	1.70%

#### B Accumulation

	30 June 2019	31 December 2018	31 December 2017
Closing net asset value (£000)	10,479	6,840	11,548
Closing number of shares	1,762,450	1,405,473	2,390,708
Closing net asset value per share (p)	594.56	486.70	483.03
Operating Charge Figure <sup>†</sup>	1.28%	1.26%	1.20%

#### C Accumulation

	30 June 2019	31 December 2018	31 December 2017
Closing net asset value (£000)	127,969	103,833	113,981
Closing number of shares	49,101,482	48,754,676	54,122,039
Closing net asset value per share (p)	260.62	212.97	210.60
Operating Charge Figure <sup>†</sup>	0.93%	0.91%	0.85%

#### D Accumulation

	30 June 2019	31 December 2018	31 December 2017
Closing net asset value (£000)	43,534	38,303	44,034
Closing number of shares	21,567,589	23,232,977	27,036,526
Closing net asset value per share (p)	201.85	164.87	162.87
Operating Charge Figure <sup>†</sup>	0.83%	0.81%	0.75%

#### B Accumulation EUR

	30 June 2019	31 December 2018	31 December 2017
Closing net asset value (£000)	8,216	8,771	9,017
Closing number of shares	2,869,442	3,742,021	3,876,522
Closing net asset value per share (p)	286.33	234.39	232.61
Operating Charge Figure <sup>†</sup>	1.28%	1.26%	1.20%

#### C Accumulation EUR\*

	30 June 2019	31 December 2018	31 December 2017
Closing net asset value (£000)	143	155	184
Closing number of shares	54,730	72,555	86,278
Closing net asset value per share (p)	261.29	213.66	213.14
Operating Charge Figure <sup>†</sup>	0.93%	1.77%	1.70%

# Neptune US Opportunities Fund

## Fund information (continued)

### Performance record (continued)

#### A Accumulation USD

	30 June 2019	31 December 2018	31 December 2017
Closing net asset value (£000)	1,164	1,093	843
Closing number of shares	582,262	666,636	515,217
Closing net asset value per share (p)	199.86	164.01	163.60
Operating Charge Figure <sup>‡</sup>	1.78%	1.76%	1.70%

#### C Accumulation USD

	30 June 2019	31 December 2018	31 December 2017
Closing net asset value (£000)	137	111	122
Closing number of shares	64,720	63,728	71,193
Closing net asset value per share (p)	212.56	173.70	171.76
Operating Charge Figure <sup>‡</sup>	0.93%	0.91%	0.85%

<sup>‡</sup>The OCF includes the annual management charge and other expenses. The OCF of the A share classes are currently capped at 1.90% per annum, the B share classes are currently capped at 1.40% per annum, the C share classes are currently capped at 1.04% per annum and the D share class is currently capped at 0.94% per annum of the relevant share class net asset value by the ACD. This capping may cease at any time.

\*Share Class name changed from A Accumulation EUR to C Accumulation EUR on 1 January 2019.

### Fund performance

The performance of the Fund is shown in the Investment Manager's Report on page 114.

### Status

Neptune US Opportunities Fund is a sub-fund of Neptune Investment Funds which is a UCITS scheme.

### 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 OEIC and the income from it can fall as well as rise and may be affected by exchange rate variations.

# Neptune US Opportunities Fund

## Financial Statements

### Statement of total return

for the six months ended 30 June 2019 (unaudited)

	30 June 2019		30 June 2018	
	£000	£000	£000	£000
Income				
Net capital gains		46,812		21,819
Revenue	1,344		1,469	
Expenses	(1,345)		(1,319)	
Interest payable and similar charges	(1)		—	
Net (expense)/revenue before taxation	(2)		150	
Taxation	(185)		(241)	
Net expense after taxation		(187)		(91)
Total return before equalisation		46,625		21,728
Equalisation		7		7
Change in net assets attributable to shareholders from investment activities		46,632		21,735

### Statement of change in net assets attributable to shareholders

for the six months ended 30 June 2019 (unaudited)

	30 June 2019		30 June 2018	
	£000	£000	£000	£000
Opening net assets attributable to shareholders		210,883		238,950
Amounts received on issue of shares	48,203		15,732	
Amounts paid on cancellation of shares	(55,031)		(38,559)	
		(6,828)		(22,827)
Dilution adjustment charged		9		—
Change in net assets attributable to shareholders from investment activities		46,632		21,735
Closing net assets attributable to shareholders		250,696		237,858

The opening net assets attributable to shareholders for 30 June 2019 is different to the closing position of the comparative period, this is due to the comparative being an interim period.

# Neptune US Opportunities Fund

## Financial Statements (continued)

### Balance sheet

as at 30 June 2019 (unaudited)

	30 June 2019		31 December 2018	
	£000	£000	£000	£000
<b>Assets</b>				
Fixed assets				
Investments		245,122		210,517
Current assets				
Debtors	2,728		2,952	
Cash and bank balances	5,045		1,009	
Total current assets		7,773		3,961
Total assets		252,895		214,478
<b>Liabilities</b>				
Creditors				
Other creditors	(2,199)		(3,595)	
Total liabilities		(2,199)		(3,595)
Net assets attributable to shareholders		250,696		210,883

### Notes to the interim financial statements

The interim financial statements have been prepared in accordance with the SORP for Authorised Funds issued by the Investment Association in May 2014.

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2018 and are described in those financial statements.

## General information and contacts

### Authorised Status

Neptune Investment Funds (the Company) is an investment company with variable capital under regulation 12 (Authorisation) of the Open-Ended Investment Companies (OEIC) Regulations 2001, authorised and regulated by the FCA. It is structured as an umbrella company and comprises fifteen securities schemes funds (sub-funds); further funds may be added in the future. You, as a shareholder, are not liable for the debts of the Company. A shareholder is not liable to make any further payment to the Company after he has paid the price on purchase of his Shares.

### 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 2019 and distributed to shareholders, where applicable, on 31 August 2019.

### Report and Financial Statements

This document is a full report of Neptune Investment Funds for the six months ended 30 June 2019.

### Other Information

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

### Individual Savings Account (ISA) Status

During the period under review, all of the share classes of the funds met the requirements for ISA qualification as determined by the HM Revenue & Customs ISA Regulations.

### Contacts

ACD and Investment Manager:  
Neptune Investment Management Limited  
3 Shortlands, London W6 8DA  
(Authorised and regulated by the FCA)

### Directors

Jonathan Punter  
Robin Geffen  
Alexander Catto  
Stuart Southall  
Richard Green  
James Dowey  
Robert Smith

### Depository

State Street Trustees Limited  
Quartermile 3, 10 Nightingale Way,  
Edinburgh EH3 9EG  
(Authorised and regulated by the FCA)

### Fund Accountant and Valuing Agent

State Street Bank & Trust Company Limited  
20 Churchill Place, London E14 5HJ

### Administrator and Registrar

DST Financial Services International Limited  
PO Box 9004, Chelmsford CM99 2WR  
(Authorised and regulated by the FCA)

### Independent Auditor

Ernst & Young LLP  
25 Churchill Place, Canary Wharf, London E14 5EY

