



## Part 2A of Form ADV: Company Brochure

### Item 1 Cover Page

# Neptune Investment Management Limited

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This brochure provides information about the qualifications and business practices of Neptune Investment Management Limited. If you have any questions about this brochure please contact us at +44 20 3249 0100 and/or [enquiries@neptune-im.co.uk](mailto:enquiries@neptune-im.co.uk). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or any state securities authorities. Registration does not imply a certain level of skill or training. Additional information about Neptune Investment Management Limited is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2     Material Changes**

The previous brochure was produced and dated April 14 2010.

There has been a material change in the period between April 14 2010 and the date of this brochure. This change is set out below:

- Robin Geffen, Fund Manager and CEO, has moved ownership code from D to C, which means that he owns between 25% and 50% of the Company.

### Item 3 Table of Contents

<b>1</b>	<b>Cover Page.....</b>	<b>1</b>
<b>2</b>	<b>Material Changes.....</b>	<b>2</b>
<b>3</b>	<b>Table of Contents.....</b>	<b>3</b>
<b>4</b>	<b>Advisory Business.....</b>	<b>4</b>
	Background.....	4
	Principal Investment Strategies.....	4
	Management Team.....	5
<b>5</b>	<b>Fees and Compensation.....</b>	<b>7</b>
	Fees and Compensation.....	7
	Management Fees.....	7
	Other Fees.....	7
	Other Compensations.....	7
<b>6</b>	<b>Performance-Based Fees and Side-By-Side Management.....</b>	<b>8</b>
<b>7</b>	<b>Types of Clients.....</b>	<b>9</b>
<b>8</b>	<b>Methods of Analysis, Investment Strategies and Risk of Loss.....</b>	<b>10</b>
	Analysis and Investment Strategies.....	10
	Principal Risks.....	11
<b>9</b>	<b>Disciplinary Information.....</b>	<b>13</b>
<b>10</b>	<b>Other Financial Industry Activities and Affiliations.....</b>	<b>14</b>
<b>11</b>	<b>Code of Ethics, Participation or Interest in Client Transaction and Personal Trading.....</b>	<b>15</b>
	Code of Ethics.....	15
	Participation or Interest in Client Transactions.....	15
	Personal Trading.....	15
<b>12</b>	<b>Brokerage Practices.....</b>	<b>16</b>
	Selection of Broker-Dealers.....	16
	Soft-Dollars Arrangement.....	16
	Brokerage for Client Referrals.....	16
	Directed Brokerage.....	16
	Aggregation (Bunching of Trades).....	16
<b>13</b>	<b>Review of Client Accounts.....</b>	<b>17</b>
	Client Account Reviews.....	17
	Client Reports.....	17
<b>14</b>	<b>Client Referrals and Other Compensation.....</b>	<b>18</b>
<b>15</b>	<b>Custody.....</b>	<b>19</b>
<b>16</b>	<b>Investment Discretion.....</b>	<b>20</b>
	Privacy Policy.....	20
<b>17</b>	<b>Voting Client Securities.....</b>	<b>21</b>
<b>18</b>	<b>Financial Information.....</b>	<b>22</b>

## Item 4     **Advisory Business**

### Background

Neptune Investment Management Limited (Neptune) is an Investment Management Company, managing segregated accounts and pooled investment vehicles that are exempt from registration in the United States and to other investment advisers through sub-advisory agreements.

Neptune is one of the fastest growing investment companies in the UK, steadily building a reputation for excellence in fund management. We were founded by Robin Geffen in May 2002 as a long-only equity investment company and manage over US\$11.8 billion of assets on behalf of private investors, advisors and institutional clients, as at February 28 2011. All assets are managed on a discretionary basis and rounded to the nearest \$100k. Neptune does not tailor advisory services to individual needs of clients because it only manages mutual funds and segregated accounts, please see Item 16.

Neptune is privately owned, with employees and directors holding approximately 75% stake, which helps align our interests with those of our clients. The CEO, Robin Geffen, maintains a shareholding in excess of 25% of the Company, please also see Item 2 Material Changes.

### Principal Investment Strategies

Neptune has developed a proprietary investment process based on the philosophy that the world of equities should be viewed at a global industry or sector level, rather than taking the more traditional regional, benchmark-driven approach.

This premise is built on the fact that global companies dominate the areas in which they operate. As such, there are often no more than a handful of companies in each area worth investing in. Once we have pinpointed those global sectors with the best investment potential in any given economic climate, we select the strongest companies within those sectors, regardless of where they are based.

This combination of our top-down global sector overview and strong, bottom-up stock selection forms the rigorous and proven investment process that is used across all our funds. Our portfolios are not constrained by benchmarks, allowing us to pursue a high conviction approach to investment management.

Here are the eight key attributes we believe combine to create our compelling investment proposition:

#### Team-based global sector research

We undertake all of our own fundamental research, which is at the heart of our process. Global economic and industry sector research is combined to provide the top-down view, while bottom-up stock-picking ideas are continually assessed to ensure that only the strongest stock opportunities are included in portfolios.

#### Active management

Boutique fund managers typically display great agility and are able to adjust stock holdings, sector weightings and country exposure rapidly, in line with a changing investment outlook. As an active fund management house, this is certainly the case at Neptune.

#### Concentrated, high-conviction portfolios

It is our view that the benefits of diversification can be lost if the portfolio becomes diluted with too many holdings. Where we identify investment opportunities, we believe we should back them with conviction. Most Neptune funds hold approximately 50 stocks, and this relatively high concentration means that we must have genuine conviction in the investment story behind each and every holding.

#### An unconstrained approach

Our flexible, unconstrained approach ensures that we are able to select only the strongest individual stock ideas for our portfolios, irrespective of the components of benchmark indices. We recognise that performance is generated not only by the stocks held in a portfolio but also by the exclusion of others. The flexibility to pick

the winners and avoid the losers provides our managers with a crucial competitive edge.

### Employee ownership structure

Neptune's directors and employees own approximately 75% of the Company. This not only provides stability but also ensures that the interests of staff and clients are aligned. The very people involved in running the business day-to-day are determining the Company's development and there is no large corporate backer dictating future strategy.

### Cohesive team culture

Neptune applies a rigorous investment process and philosophy that unifies the whole investment team. Rooted in Neptune's culture is the belief that 'the sum of the parts is greater than the individual'. That is to say, two heads are greater than one and three are greater than two... An investment team united by a central process and continuously sharing ideas across one bank of desks is extremely powerful in terms of intellectual capacity, rapid communication and speed of decision-making.

### Results-orientated

We believe that our investment approach gives us the best opportunity to deliver superior investment performance over the long term. We are fiercely competitive by nature and intent on offering clients consistent performance throughout the economic cycle, regardless of the point at which they invest. We are continuously looking for better investment opportunities around the globe, exploiting market shifts and trends as they unfold.

### A business that focuses purely on fund management

By focusing exclusively on fund management, we believe we are protected from the distractions of a broader business. Instead we specialise entirely in our core competence – managing funds on behalf of an increasing number of clients. Our sole aim is to deliver outstanding investment management across our fund range.

## **Management Team**

Neptune is very specific about who joins the team. It is essential that a newcomer buys into the Neptune concept, the team atmosphere, and the expectations that we have for both the individual and the Company as a whole. As a result, turnover of personnel is kept to a minimum. No key employees are under contract; all are permanent members of staff.

All staff are offered a certain number of share options on joining the Company and are given the option to purchase further stock thereafter. In addition, options are often issued to staff on meeting annual objectives. We make use of a highly tax-efficient existing Share Option Scheme. Neptune also offers benefits in the form of discretionary annual bonuses, private medical insurance, and life assurance and pension contributions.

We have built an investment team with a mixture of experienced and younger investment professionals, all of whom believe in the process. Our interests are strongly aligned with our clients in producing outperformance against the index.

The core of the wider Neptune team has been together since the Company's inception in 2002. We have gradually increased the size of the team to its current level, which we feel is optimal with the current size of assets under management and funds being run.

The Neptune Board of Directors carries a wealth of experience in financial services and are as follows:

### Robin Geffen – Fund Manager and CEO

Robin graduated from Keble College, Oxford in 1979 and began his investment career at Charterhouse J Rothschild as a graduate trainee. His next move was to Eagle Star, where he was initially on the European desk before heading the Asia Pacific team. He then became Senior Investment Manager at York Trust plc before spending 7 years at Scottish Equitable, where he set up their pooled fund business. During this time, he was instrumental in establishing the UK's first emerging market pension fund. Robin joined Orbitex Investments Limited as Chief Investment Officer in 1997 and was most recently Global CIO – Pensions. Robin set up Neptune Investment Management in May 2002.

#### Robert Warner ACA – Finance Director

Robert qualified as a chartered accountant in 1984 with Hodgson Impey, leaving in 1986 to join Aukett Group as Financial Controller and Company Secretary. As Finance Director from January 1992, he played a key role in the group's survival through the early 1990s recession, including business disposal and equity and loan re-financing. From 1997, his role widened to include corporate development, driving the strategic expansion of the group across Europe. Robert has been Neptune's Finance Director and Company Secretary since 2003. His other directorships include non-executive posts at Warner Estate Holdings plc, where he is Chairman of the Audit Committee, and Nathaniel Lichfield & Partners Ltd.

#### Patrick Berton – Sales Director

Patrick graduated from Keble College, Oxford in 1982, later gaining an MBA at the City University Business School. He entered the investment industry in 1986 at Touche Remnant and Co as Regional Sales Manager, before taking a similar role at Schroder Investment Management. He then worked as a Pension Fund Investment Consultant at Friends Provident. Prior to joining Neptune in 2002, Patrick was Director of Investment Sales at HSBC Asset Management Europe, leading sales of OEIC, SICAV and hedge funds to the London advisory and discretionary markets. He also built HSBC's fund distribution in the Channel Islands and Luxembourg.

#### Richard Green – Deputy Managing Director

Richard graduated from Oxford with a degree in Philosophy, Politics and Economics before acquiring an investment management and private banking background at Grieseson, Grant & Co and subsequently at Kleinwort Benson. He joined Barclays Private Bank at its inception in 1993, later becoming its Chief Executive and in 2006 serving as a Managing Director on the Management Committee of Barclays Wealth. He served as a member of Barclays Wealth's UK Private Bank Advisory Board until 2010. Richard joined Neptune as Corporate Development Director in May 2008 to further its profile in the stockbroker, private bank and wealth management community. In November 2008 he became Neptune's Deputy Managing Director.

#### Jonathan Punter FIA – Non-Executive Chairman

Jonathan began his actuarial career with Duncan C Fraser & Co in 1978. Within seven years, Jonathan became a partner, prior to the company being acquired by William M Mercer. In 1988, Jonathan founded Punter Southall & Co together with Stuart Southall. He has over twenty years' experience in the actuarial profession, with particular expertise in the areas of UK pensions and investment strategy. Jonathan is also one of Punter Southall's specialists on the issues surrounding pensions in mergers, buy-outs and due diligence deals. He joined Neptune as Chairman in 2002.

#### The Hon Alexander Catto – Non-Executive

Alex is Managing Director of Cairnsea Investments Limited, which has a number of investments in early stage companies. Prior to the establishment of Cairnsea, he was a Director of Morgan Grenfell & Co Ltd and then Lazard Brothers & Co Ltd. His other directorships include Yule Catto & Co plc, Recordstore Ltd and Vineworld. In addition, he sits on the advisory panel for the Elderstreet Software Fund. Alex joined Neptune in 2002.

#### Stuart Southall FIA – Non-Executive

Stuart began his actuarial career with Duncan C Fraser & Co in 1980, prior to the company being acquired by William M Mercer. In 1988, Stuart co-founded Punter Southall & Co with Jonathan Punter and is currently Chairman of its actuarial consultancy business and Chief Actuarial Officer. He has thirty years' experience in the actuarial profession, with particular expertise in the areas of UK occupational pensions, pension aspects of corporate transactions and investment strategy. Stuart holds various other directorships within the Punter Southall Group and from 2010 to 2012 is serving as Chairman of the Association of Consulting Actuaries. He is also a school governor and a trustee of various pension schemes and an endowment trust. Stuart joined Neptune in 2002.

#### Robert Pickering – Non-Executive

Robert qualified as a solicitor in 1984 with Allen & Overy, before joining Cazenove & Co where he spent 23 years. The majority of his time there was in corporate finance, advising companies on a wide range of capital raisings and merger transactions, many within the fund management industry. In 2001, Robert was appointed Chief Executive and led the development of the Company into one of the leading investment banks in the UK, including the joint venture in 2004 that created J.P.Morgan Cazenove. He also sat on the board of Cazenove Capital Management, a leading private client and charities investment manager. He retired from the business in 2008 and joined Neptune in November 2009.

## Item 5 Fees and Compensation

### Fees and Compensation

Initial fees range between 0% and 5%. Management fees are up to 2% and deducted directly from the clients investments. Redemption fees may be applicable in certain circumstances. These fee rates apply to all clients, funds and mandates.

### Management Fees

All fees are negotiable. Fees may differ based on account size, strategy and complexity among other factors. A rebate of a percentage of the fee can be negotiated directly with Neptune. In the event the management contract is terminated, clients who have paid for our services in advance will receive a refund of the management fee paid based on a calculation of the number of days for which services are provided for the quarter in which the contract terminates.

### Other Expenses

Clients are responsible for and do incur other expenses separate and apart from the Company's management fee. These expenses typically include custody fees, brokerage services and other transaction fees, and/or expenses associated with the investment vehicle in which their assets are invested (such as mutual fund expenses). Also see Item 12.

### Other Compensations

None of the Company's employees accept compensation for the sale of securities or other investment services or products.

The funds may enter into fee sharing agreements and soft dollar arrangements.

We participate in permissible soft dollar arrangements, which we use to provide the fund management team with tools to aid with the management of portfolios. We always aim to deal at best prices and commission payments are only used to the benefit of running portfolios. Soft dollar transactions generally mean that clients pay a higher commission rate, those benefits received reduce Neptune's need to produce same research internally or through outside providers for payment, so it provides an economic benefit to Neptune and its clients, Neptune's incentive to select a broker-dealer in order to receive products and services, with respect to mutual funds soft dollar benefits received comply with Section 28(e) of the Exchange Act of 1934.

We continuously monitor all our relationships on an on-going basis, making changes whenever we feel they will benefit our clients.

Any transactions conducted under these arrangements are done so on a best execution basis as required by our regulator, the FSA, and in accordance with other applicable FSA rules.

We are pleased to provide more information on soft commission arrangements and this detailed information is available on request. This detailed information relates to Allowable Benefits, Use of Broker, Prior and Periodic Disclosure and Amendments to the Firm's policy on the use of Soft Commission Agreements.

We may on occasion share our fees and commission with external agents, intermediaries or introducers. Details of any such shared fees or commission may be disclosed in our contract note or are otherwise available on request.



## **Item 6      Performance-Based Fees and Side-By-Side Management**

The Company does not charge performance based fees in the United States.

Certain Neptune funds, which are based in the United Kingdom and not available to US investors, do charge a performance fee. This fee is based on a share of capital gains on or capital appreciation of the client's assets under management.

The fee is a proportion of the increase in the value of the fund over a defined rate. The rate is the applicable index. The fee is typically 15%.

The details of the performance fee, for those applicable United Kingdom based funds, are disclosed in the relevant fund prospectus.

With regard to any Conflicts of Interest, Neptune maintains a detailed policy with regard to Research, Share Allocation, Investment Decisions, Personal Account Dealing and Outside Business Interests, Remuneration, Commission and Bonus Structures, Inducements and Gifts, Reporting and Record Keeping. We are pleased to provide Investors with a copy of the policy upon request.

## Item 7    **Types of Clients**

Neptune provides fund management services via mutual funds and segregated accounts, managed for retail and institutional clients. The Company also has a number of funds for sale in other non UK jurisdictions, registered with the relevant foreign Regulatory Authority.

Clients typically span the intermediated market including private banks, family offices, financial advisers, multi managers, life companies as well as institutional consultants, trustees and pension funds.

Subject to the share class chosen in a pooled investment vehicle, the minimum investment levels ordinarily required for the establishment of an investment are between US\$2,500 and US\$1,000,000.

The minimum value to open a segregated client account for institutional clients is US\$120million-US\$160million. Smaller amounts may be accepted depending on the nature of the client or the growth in investment capital anticipated over an agreed period. The Company may elect to waive the standard fee and negotiate fee rates at its sole discretion.

## Item 8      **Methods of Analysis, Investment Strategies and Risk of Loss**

### Analysis and Investment Strategies

Our investment philosophy is driven primarily by the belief that the world of global equities should be viewed on a sectoral level, rather than taking the more traditional regional, benchmark-driven approach adopted by the majority of our competitors. It is this approach that offers the fundamental differentiator between Neptune and other providers.

This involves employing a top-down, global macroeconomic view, where global sectoral opportunities are identified. The process evaluates the key global sectors against the prevailing macroeconomic climate and assesses the growth prospects for the different industries. A decision made at this stage as to which sector and sub-sector to invest in, or avoid, provides the key driver for the opportunity to deliver relative outperformance.

From a bottom-up stance, we believe that having identified the most promising sectors, it will be local market leaders or global companies that tend to dominate within the sector or sub-sector in which they operate. There are rarely more than a handful of genuinely credible companies in any given sector or sub-sector in which to invest. It is at this stage that we look to add value through detailed research, at stock level, allowing us to identify the most suitable candidate for investment.

At Neptune, we believe that any sensible investment process is a mix of top-down and bottom-up analysis. We put a great deal of emphasis on stock-picking and rigorous research of individual companies. However, we strongly believe that this cannot be done successfully without reference to the wider economic picture.

Our process evaluates the key global sectors, with an emphasis on macroeconomics and growth prospects for different industries. This helps us to identify the turning points which have an enormous impact on portfolios and performance.

Our investment process combines a rigorous global sector focus with superior stock picking. At the top level, our macroeconomic scrutiny begins with global economic notes and a weekly macroeconomic meeting. We produce a weekly document containing our forecasts and consensus figures of key macroeconomic indicators from the UK for the coming week. We analyse and forecast all major macroeconomic data, and co-ordinating this data allows us to form a sector overview and define sector weightings and asset allocations.

From this point, we begin our asset allocation and stock selection process. This is an in-house process, driven by our sector analysts. We have access to the majority of major brokers' research but use it sparingly, for quantitative data and a background qualitative view.

The stock screening process begins with a focus on industry bellwether stocks, using our proprietary in-house quantitative model. The filtering process allows stocks to be screened using various methodologies, including ROE decomposition, relative valuation (using ratios) and valuation using DCF.

The stock research process ensues with a company profile followed by an analysis of industry trends. We then analyse the competitive position of the company, the management and strategy, incorporating track record and allocation of capital.

Our valuation focuses on profit outlook and a generic valuation model to calculate implied growth rates and target price. Once this analysis and information is drawn together, we form our investment rationale. The investment rationale for the stock researched is discussed in a group forum after which the fund manager takes a decision on the stock's inclusion /exclusion from the portfolio.

The buy discipline is based on the target price generated from our valuation models. A stock would be expected to have at least a 20% upside before it is purchased. We would typically sell when a stock reaches our target price although the fund manager does have some discretion if he believes the target price should be revisited or the stock is showing particular momentum. The execution of sell recommendations and of an increase/decrease in weighting of a stock typically takes place on the same day as recommendation, discussion and decision.

The final aspect of the decision making process is execution. With a small, cohesive and dynamic investment team, we are able to make decisions and act upon them very quickly. We believe this to be a clear competitive advantage from many of our peers. For execution, the fund manager will place the trade directly with the most appropriate broker, thus minimising opportunity costs.

Portfolio construction is determined foremost by our investment process and not by benchmarks, although we review tracking error in comparison to the benchmark. This will tend to be between 8 – 12%. This can be extended in extreme market conditions.

### Principal Risks

Investing in securities in general involves risk of loss that clients should be prepared to bear. Our principal investment strategies and the type of investments we make for our clients present the following material risks:

**Credit Risk.** Credit risk (also called default risk) is the risk that the issuer of a security will not be able to make principal and interest payments on a debt issue. The credit ratings of issuers could change and negatively affect the value of your investment or the income from your investment.

**Foreign Securities Risk.** Investing in the securities of foreign issuers involves special risks and considerations not typically associated with investing in U.S. companies. The securities of foreign companies may be less liquid and may fluctuate more widely than those traded in U.S. markets. Foreign companies and markets may also have less governmental supervision. There may be difficulty in enforcing contractual obligations and little public information about the companies. Trades typically take more time to settle and clear, and the cost of buying and selling foreign securities is generally higher than similar costs associated with U.S. traded securities.

The value of the securities held may be affected by changes in exchange rates or control regulations. If a local currency gains against the U.S. dollar, the value of the holding increases in U.S. dollar terms. If a local currency declines against the U.S. dollar, the value of the holding decreases in U.S. dollar terms. Changes in economic, tax or foreign investment policies, or other political, governmental or economic actions can adversely affect the value of the securities in a portfolio. In foreign countries, accounting, auditing and financial reporting standards and other regulatory practices and requirements are generally different from those required for U.S. companies.

**Emerging Market Risk.** In addition to the general foreign securities risks, investing in emerging market countries is subject to a number of risks, including:

- economic structures that are less diverse and mature than developed countries
- less stable political systems and less developed legal systems
- national policies that may restrict foreign investment
- wide fluctuations in the value of investments
- smaller securities markets making investments less liquid
- clearing and settlement of payments
- special custody arrangements

**Growth Style Risk.** Growth investing involves buying stocks that have relatively high price-to-earnings ratios. Growth stocks may be more volatile than other stocks because they are generally more sensitive to investor perceptions and market moves. During periods of growth stock underperformance, a portfolio's performance may suffer.

**Interest Rate Risk.** If interest rates rise, bond prices will fall. The longer the maturity of a bond, the more sensitive a bond's price will be to changes in interest rates. Interest rate changes will impact high yield bonds in different ways depending on credit ratings. Certain lower rated bonds are more vulnerable to prevailing rates and act more like their investment grade counterparts. For bonds rated B and below, credit risk is more significant than interest rate risk.

**Liquidity Risk.** When there is no willing buyer and investments cannot be readily sold at the desired time or price, the client may need to accept a lower price or may not be able to sell the security at all. An inability to sell securities can adversely affect value or prevent a client from being able to take advantage of other investment opportunities. Recent instability in certain credit and fixed income markets has adversely affected and is expected to continue to affect the liquidity of certain asset classes of securities including, in particular, certain types of asset-backed, mortgage-backed and real-estate related securities. Less liquid securities are more difficult to dispose of at their recorded values and are subject to increased spreads and volatility.

**Manager Risk.** The performance of a fund is dependent upon the investment advisor's skill in selecting managers and the portfolio manager's skill in making appropriate investments. As a result, a fund may underperform its benchmark or its peers.

**Market Risk.** A fund's share price can move down in response to stock market conditions, changes in the economy or changes in a particular company's stock price. An individual stock may decline in value even when the value of stocks in general is rising.

**Mid-Cap Company Risk.** Investments in mid-cap companies may entail greater risks than investments in larger, more established companies. Mid-cap companies generally have narrower product lines, more limited financial resources and a more limited trading market for their stocks compared with larger companies. As a result, their stock prices may experience greater volatility and may decline significantly in market downturns.

Further information on the risk of investments appropriate to a fund or strategy is explained and set out in the prospectus of a fund.

## **Item 9      Disciplinary Information**

The Company and its supervised persons have not been involved in any legal or disciplinary events that are material to a client's or potential client's evaluation of our fund management business or the integrity of the Company's management.

**Item 10 Other Financial Industry Activities and Affiliations**

The Company does not have any relationships with any related industry participants that create material conflicts of interest with clients.

## **Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

### **Code of Ethics**

The Company has adopted a Code of Ethics imposing on each supervised person a duty to place the interests of clients first. The Code requires officers, owners, and employees, among other things, to report to the Company any actual or potential conflict of interest.

Securities industry regulations require that advisory companies provide their clients with a general description of the advisory company's Code of Ethics. The Company has adopted a Code of Ethics in compliance with 204A-1 in reference to the company's controls over personal trading that sets forth the governing ethical standards and principals of the Company. It also describes the Company's policies regarding the protection of confidential information, including the review of the personal securities accounts of certain personnel of the Company for evidence of manipulative trading, trading ahead of clients, and insider trading, trading restrictions, training of personnel and record-keeping. A copy of the Company's Code of Ethics may be obtained by writing to the Company.

The Code of Ethics requires each officer and employee of the Company with access to client's investments or portfolio information (each an "Access Person") to report quarterly and annually theirs and their immediate family members' securities holdings and transaction to the Company's Chief Compliance Officer. In addition, each Access Person is required by SEC Rule to pre-clear any trades in initial public offerings or private placements with the Company's Chief Compliance Officer. Neptune requires all employees to report their personal trades on a regular basis. The Code of Ethics also imposes restrictions and safeguards on the use of material non-public information. All Clients and prospective Clients may obtain a copy of the Company's Code of Ethics by writing to the Company or calling +44 20 3249 0100.

### **Participation or Interests in Client Transactions**

Neither the Company nor any related person recommends to clients, or buys or sells for client accounts, securities in which the Company or a related person has a material financial interest.

### **Personal Trading**

Personnel of the Company with access to portfolio or investment information must gain pre approval for securities transactions from the Company's Executive Directors or the Chief Compliance Officer. Each person must also report securities holdings annually. The Chief Compliance Officer monitors the personal securities transactions and holdings of each Access Person to ensure compliance with securities laws and fiduciary duties. In other words, the Company has a system in place to prevent Access Persons from taking advantage of their position with the Company for personal gain.



## Item 12 Brokerage Practices

### Selection of Broker-Dealers

Neptune has no obligation to deal with any particular broker-dealer in the execution of transactions in portfolio securities. In placing orders for purchase and sale of securities and selecting brokers to effect these transactions, Neptune seeks prompt execution of orders at the most favorable prices reasonably obtainable and in doing so will consider a number of factors, including, without limitation, the overall direct net economic result to the client (including commissions or spreads which may not be the lowest available but which ordinarily will not be higher than the generally prevailing competitive range), the financial strength, reputation and stability of the broker, the efficiency with which the transaction is effected, the ability to effect the transaction at all where a large block is involved, the availability of the broker to stand ready to execute possibly difficult transactions in the future and other matters involved in the receipt of brokerage services.

### Soft-Dollars Arrangement

As a matter of policy, Neptune does not pay higher commission or mark-up prices or direct trades to a particular broker-dealer in order to receive research or other services. Such arrangements are normally known as “soft dollar arrangements.” Please also see Neptune’s use of soft dollar arrangements as detailed in Item 5.

### Brokerage for Client Referrals

Neptune does not consider, in selecting or recommending a broker dealer, whether the Company or a related person receives client referrals from that broker-dealer.

### Directed Brokerage

The Company does not accept clients who require us to execute transactions through a specified broker-dealer. Clients may recommend that we use their preferred broker-dealer(s). The Company will use such broker-dealer(s) subject to our determination that said broker-dealer provides best execution of client transactions.

### Aggregation (Bunching) of Trades

Securities transactions in investment advisory accounts are normally implemented on a consistent basis across accounts. In order to accomplish this, orders are aggregated (bunched) and allocated pro-rata to the nearest round lot, tempered by available cash. Where a limited supply of securities may be available, opportunities may be allocated to accounts on a pro rata basis. In addition to considerations of equity, bunching avoids placing competing orders, improves order management, and may, because of larger order size, permit some degree of price improvement relative to a series of individually placed orders.

## Item 13 Review of Client Accounts

### Client Account Reviews

Our Portfolio Managers review each client account regularly. In addition, a dedicated team of investment analysts assist the portfolio manager in monitoring each individual company in which client assets are invested. Our team of analysts performs extensive reviews of particular investments when important company announcements are made or material industry or economic news arise.

Every dealing day, the fund prices shown on the valuations prepared by the valuation agent are checked to the company's historical database of fund prices. This database is used daily to check for excessive price movements.

Set tolerance levels are checked for daily price movements for the client/fund. Any outwith tolerance movements are investigated.

Errors or discrepancies discovered in carrying out the above checks are immediately advised to the valuation agent and the Chief Compliance Officer.

On a weekly basis an analysis of the property held in each fund, as shown in the daily valuation produced by the valuation agent, is produced and checked against the legal and regulatory restrictions placed on the fund.

The Investment and Borrowing Power checks are monitored using the Bloomberg Pre/Post Trade Compliance Manager System ("CMGR"). CMGR is a component of the Portfolio Order Management System (POMS) - Neptune's front office system - allowing CMGR to perform compliance tests (in real-time mode) throughout the life of a trade.

Any breach of the limits contained in the Investment and Borrowing Powers Schedule must be reported to the Chief Compliance Officer.

The documentation for all of these checks must be filed in date order and retained for six years.

### Client Reports

Clients will receive reports periodically, detailing holdings and transactions for the last quarter directly from their account custodian. These reports provide information on fund size or account balances, performance, industry commentary, securities held, values and other information designed to provide clients with a complete assessment of their portfolios.

**Item 14 Client Referrals and Other Compensation**

The Company may compensate third parties for client referrals. Before making payments for any US client referral, the Company requires each “solicitor” to enter into a written referral agreement. Such agreement will comply with the requirements set out in Rule 206(4)-3 of the Investment Advisers Act of 1940, including the requirement that the relationship between the solicitor and the investment adviser be disclosed to the potential client at the time of the solicitation or referral.

Referral fees are generally a percentage of the annual management fees, structuring fees, incentive allocation, or a combination thereof, earned by the Company on referred accounts. The referral fees represent no additional expenses to such accounts. Potential clients will be requested to acknowledge they have been informed of the referral arrangement, including the type and amount of compensation, prior to acceptance of the client’s account.

## **Item 15 Custody**

The Company does not retain custody of client assets. In addition funds for which Neptune or an affiliate acts as Manager are (1) audited at least annually and (2) distribute their audited financial statements prepared in accordance with generally accepted accounting principles to all investors.

Neptune's management fees are deducted directly from non-US accounts.

## Item 16 Investment Discretion

The Company manages client assets on a discretionary basis with the authority to determine for each client, whether invested in a pooled fund or segregated account, what investments are made, as well as when and how they are made. Neptune is granted discretionary authority through the investment management agreement.

Subject to each client's established guidelines, limitations or restrictions, Neptune generally has the authority to determine for each client account: (a) Which securities are to be bought or sold; (b) The total amount of securities to be bought or sold; (c) Through which broker(s) or dealer(s) those securities are to be bought or sold; and (d) The commission rates or spreads to be paid for each transaction.

### Privacy Policy

Neptune is committed to maintaining the confidentiality, integrity and security of its clients' and investors' personal information. It is the Company's policy to collect only information necessary or relevant to its management business and use only legitimate means to collect such information. The Company does not disclose any non-public personal information about our clients or investors to anyone except for servicing and processing transactions and as required by law. The Company restricts access to non-public personal information about its clients and investors to those employees with a legitimate business need for the information. The Company maintains security practices, physical, electronic, and procedural safeguards to guard each client's and investor's non-public personal information. The Company will provide a copy of its written privacy policy and procedures upon request.

## Item 17 Voting Client Securities

The Company has adopted Proxy Voting Policies and Procedures, pursuant to Rule 206(4)-6 of the Advisers Act, designed to ensure that proxies are voted prudently and solely in the best interest of our Clients.

Neptune's, policy for proxy voting, which it considers to be a vital component of its fiduciary duty to its clients, is to fulfill its responsibility for voting proxies for the portfolio's securities in a consistent manner with the best economic interests of the fund. Neptune maintains written policies and procedures as to the handling, research, voting and reporting of proxy voting and makes appropriate disclosures about the Company's proxy policies and practices. Our policy and practice includes the responsibility to monitor corporate actions, receive and vote client proxies and disclose any potential conflicts of interest as well as making information available to the fund about the voting of proxies for the portfolio's securities and maintaining relevant and required records.

Unless voting authority has been explicitly reserved by the governing documents to the client or another party, Neptune will exercise discretionary voting authority over proxies issued on securities held in the fund.

It is the policy of Neptune to vote, focused on the investment implications of each issue and in a manner that Neptune believes is in the best interests of the fund.

The Neptune Proxy Voting Policy Committee and its designated service provider, have the responsibility for the implementation and monitoring of the Company's proxy voting policy, practices, disclosures and record keeping, including outlining our voting guidelines in our procedures.

Our designated "Proxy Officer" is responsible for monitoring and reviewing all proxies received by the Company. When voting, the Proxy Officer will vote all proxies according to our Proxy Voting Policies and Procedures. Clients may obtain a copy of our Proxy Voting Policies or a record of our proxy votes by calling +44 20 3249 0100 or by writing to us at the address listed on the cover page.

## Item 18 Financial Information

No financial events have occurred to Neptune that would negatively affect the financial viability of the Company. There is no financial condition of the Company that is reasonably likely to impair the Company's ability to meet contractual commitments to clients.