NEPTUNE
Balanced (UT)

OBSR Fund Rating
AA / Silver

obsr FUND RATINGS

Key Information

Launch Date	31 December 1998	
Fund Size	£868.6m	
Type of Units Available	Accumulation	
Distribution Dates	30 June, 31 December	
Historic Yield	0.41%	
ISA	Yes	
ISA Transfer	Yes	
Standard Fund Management Charges	**Initial**	5.00%
	Annual	1.60%

Classification

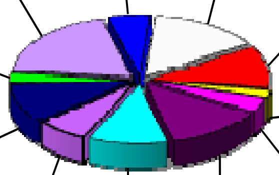
Sector	Balanced Managed
Benchmark/Index	See below

Management/Investment Style

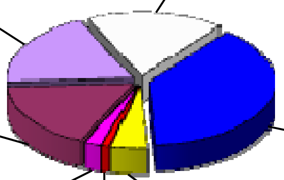
Fund Manager	Robin Geffen (December 1998)

Offers investors a relatively concentrated, style neutral balanced portfolio with a bias toward UK equity investments. The research emphasis is on well-managed, financially sound, larger-cap companies.

Asset Distribution - Sector



Asset Distribution - Country



Top Ten Holdings

Top Ten Holdings	%
Baidu.com	Not Disclosed
British American Tobacco	
Standard Chartered	
Barclays	
HSBC Holdings	
Apple Computers	
Halma	
Rolls Royce Group	
Vodafone Group	
Diageo	

Source: Neptune

Investment Objective & Methodology

The objective for this fund is to achieve above average, consistent and stable high total returns by investing in a concentrated portfolio of circa 50 predominantly large capitalisation UK and overseas equities as well as bonds. The fund will follow the ABI (Association of British Insurers) guidelines for the Balanced Managed sector (maximum of 85% total equities including convertibles, minimum of 50% sterling-based assets). The benchmark for the fund is 50% FTSE All-Share, 35% MSCI World Ex UK and 15% Sterling Deposit.

Robin Geffen is Chief Executive Officer and manager of the fund. He set up Neptune Investment Management in May 2002 and is supported by a team of twenty-two investment professionals.

Neptune's philosophy is to form positive views on asset classes, sectors and stocks and then back those judgements strongly, which leads to a high level of active risk. The portfolio is constructed from the global sector work carried out by the team and the process followed aims to be comprehensive, taking into account both top-down and bottom-up inputs. This helps the team to avoid forming sectoral preferences at a macro level only to find either a lack of attractive stocks in favoured sectors or a plethora of attractive stocks in unfavoured sectors. At a stock level, the team seeks to form views on bellwether stocks (i.e. mega caps) and also identify those stocks which in a world context are seen as global winners. Using these stocks as the starting point for populating the portfolio, Neptune then looks for stocks attractive at a country level, the overriding consideration being whether the gap between the current market price and Neptune's own price target offers sufficient upside potential. The research focus will be towards companies with strong cash flows and which Neptune judges capable of delivering strong earnings and dividend growth over time.

The fund will observe the ABI guidelines for asset mix but it is unlikely to mimic the peer group average. Neptune's own asset mix guidelines permit strong convictions to be expressed: UK equity exposure may range from 35% to 75% of the fund, overseas equities 15% to 50% and the non-equity component (bonds and cash) 15% to 50%. Neptune expects equity investments to outperform bonds and cash over the longer term and therefore the non-equity content is very likely to lie at the lower end of the permitted range. If property exposure is deemed desirable it will be via investment in quoted property companies. The bond component, typically over 10%, will be made up of government or equivalent supranational debt, although Neptune may go outside developed markets if it identifies superior relative value. Cash may be held at levels significantly higher than the benchmark if Neptune cannot find suitable attractive bonds to hold or for tactical reasons.

www.obsrfundratings.co.uk

Data as at 31 December 2011
Last Updated January 2012

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