

**UNAUDITED INTERIM
REPORT AND
ACCOUNTS OF THE
LV= INVESTMENT
FUNDS III ICVC**

30 September 2011



LIVERPOOL VICTORIA

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Company Information

The Company

LV= Investment Funds III ICVC. Authorised and regulated by the Financial Services Authority.
Registered address: County Gates, Bournemouth, BH1 2NF.

The Authorised Corporate Director (ACD)

Liverpool Victoria Portfolio Managers Limited. Authorised and regulated by the Financial Services Authority.
Registered Address: County Gates, Bournemouth, BH1 2NF.

Directors of the ACD

M.J Rogers
A.L Roughead (Resigned 6 October 2011)
P. Moore
R.A Rowney
A.R.M Brown (Appointed 21 March 2011)
P.A.C Hillier (Appointed 21 March 2011)

The Investment Manager

LV= Asset Management Limited. Authorised and regulated by the Financial Services Authority.
Address: 80 Cheapside, London, EC2V 6EE

The Depositary

HSBC Bank Plc. Authorised and regulated by the Financial Services Authority.
Address: 8 Canada Square, London, E14 5HQ

The Registrar

International Financial Data Services (UK) Limited. Authorised and regulated by the Financial Services Authority.
Address: IFDS House, St. Nicholas Lane, Basildon, Essex, SS15 5FS

The Auditor

Ernst & Young LLP
Address: Ten George Street, Edinburgh, EH2 2DZ

Customer Services and Administration

Address for all shareholder correspondence

Liverpool Victoria Portfolio Managers Limited
PO Box 10033, Chelmsford, CM99 2AL.

Please ensure all correspondence includes the full name of the registered holder and the account number.
Telephone: +44 (0) 845 113 0273 (calls may be recorded for training and monitoring purposes).

Report of the Authorised Corporate Director

The Authorised Corporate Director (ACD) presents the half-yearly Report and Unaudited Financial Statements for the period ended 30 September 2011.

The Company is an investment company with variable capital (ICVC) incorporated under Regulation 14 (Authorisation) of the Open-Ended Investment Companies (OEIC) Regulations 2001 and complies with the Collective Investment Schemes Sourcebook (COLL) issued by the FSA. The Company is incorporated in England and Wales register number IC678, and authorised and regulated with effect from 23 July 2008 by the Financial Services Authority (FSA), register number 482678.

The Company is an umbrella company consisting of the following 6 sub-funds:

LV= Diversified Income Fund

LV= Managed Portfolio 3

LV= Managed Portfolio 4

LV= Managed Portfolio 5

LV= Managed Portfolio 6

LV= Managed Portfolio 7

From time to time, new Funds may be established within the Company by the ACD with agreement of the Depositary and with FSA approval. Each Fund is separately managed according to its individual investment objective and policy.

As the Funds within the Company are not legal entities in their own right, if the assets attributable to any Fund are not sufficient to meet its liabilities, this shortfall will have to be met out of the assets of the other Funds in the Company.

As at 30 September 2011, each of the Funds within the Company had sufficient assets in their own right to meet any individual liabilities.

Shareholders are not liable for the debts of the Company.

Liverpool Victoria Asset Management Limited has been retained under an investment management agreement to make investment decisions on behalf of the ACD concerning the property of the Funds. It has been agreed that on 1 November 2011 the ACD of the Company will transfer from Liverpool Victoria Portfolio Managers Limited to Threadneedle Investment Services Limited, and the Investment Manager will transfer from Liverpool Victoria Asset Management Limited to Threadneedle Asset Management Limited. The name of the Company will also change from LV= Investment Funds III ICVC to Threadneedle Investment Funds IV ICVC.

The report and financial statements have been presented on an aggregated basis. However, separate financial statements are also provided for each sub-fund to enable investors to review the status and performance of the Funds for the 6 month period under review.

P Cassidy
31 October 2011

Aggregated Financial Statements For the six months ended 30 September 2011

Statement of Total Return

For the six months ended 30 September 2011	30/09/2011 £'000	30/09/2010 £'000
Income		
Net capital (losses)/gains	(13,593)	1,090
Revenue	1,987	1,244
Expenses	(879)	(472)
Finance costs: Interest	-	-
Net revenue before taxation	1,108	772
Taxation	(93)	(33)
Net revenue after taxation	1,015	739
Total return before distributions/accumulations	(12,578)	1,829
Finance costs: distributions/accumulations	(1,048)	(732)
Change in net assets attributable to shareholders from investment activities	(13,626)	1,097

Statement of Change in Net Assets Attributable to Shareholders

For the six months ended 30 September 2011	30/09/2011 £'000	30/09/2010 £'000
Opening net assets attributable to shareholders	137,303	69,227
Amounts received on issue of shares	39,615	34,288
Amounts paid on cancellation of shares	(5,679)	(1,805)
	33,936	32,483
Stamp Duty Reserve Tax (SDRT)	(30)	(13)
Change in net assets attributable to shareholders from investment activities	(13,626)	1,097
Retained distribution on accumulation units	50	27
Closing net assets attributable to shareholders	157,633	102,821

Balance Sheet

As at 30 September 2011	30/09/2011 £'000	31/03/2011 £'000
Assets		
Investment assets	149,191	130,106
Debtors	2,943	2,683
Cash and bank balances	11,417	7,964
Total other assets	14,360	10,647
Total assets	163,551	140,753
Liabilities		
Investment liabilities	-	-
Creditors	4,805	2,838
Bank overdrafts	-	18
Distribution payable on income shares	1,113	594
Total other liabilities	5,918	3,450
Total liabilities	5,918	3,450
Net assets attributable to shareholders	157,633	137,303

Notes to the Aggregated Financial Statements

Accounting Policies

The interim financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP) for Authorised Funds issued by the Investment Management Association (IMA) in October 2010. Previously the requirements of the SORP issued by the IMA in November 2008 had been applied. The accounting policies that have been applied are consistent with those of the Annual Financial Statements for the year ended 31 March 2011 and are described in full in those statements.

Authorised Corporate Directors Statement

We hereby approve the Report and Financial Statements of the LV= Investment Funds III ICVC for the period ended 30 September 2011 on behalf of Liverpool Victoria Portfolio Managers Limited in accordance with the rules of the Collective Investment Schemes Sourcebook of the Financial Services Authority.

Philip Moore
31 October 2011

Mike Rogers
31 October 2011

Fund Manager's Report

Performance Review

LV= Diversified Income has under-performed against its benchmark over the six month period.

Good performance was seen from our overweight in Japan, from Jupiter Japan Income and with our move into Morant Wright Japan. We were broadly neutral in the UK and had very good performance from several managers, including AXA Framlington and particularly Invesco Perpetual and PSigma, both of which we had been building up their weightings through the period. Detraction from performance came from our underweight in UK Gilts, despite the very strong performance from the underlying funds held.

With the Fund managed to provide capital growth, a sensible level of income plus the growth in income, equities were overweight and fixed interest underweight compared to the IMA Cautious sector. UK Equities in particular are felt to offer potential for capital gains, income production and growth in this income due to the strength of corporate balance sheets, the current dividend yields and the magnitude of dividend cover at many UK firms. Fixed interest by contrast is felt to offer immediate haven status only with a huge asymmetric risk to capital values in the longer term due to the current high prices and low yields offered by bonds.

We consider that markets will continue to be unsettled for some time to come and remain driven by sentiment more than fundamentals. Macro concerns persist including, European/Euro crisis, western banking problems, recession, slowing growth in Asia and inflation. With all of these and other problems around we feel that more short term tactical positions in portfolios will probably be required. These will then need to be closed out, back to neutral, in order to make progress.

Paul Kim – Head of Multi Manager and Fund Selection

Fund Objective and Policy

The objective of the Fund is to achieve income with long-term growth potential.

The policy of the Fund is to invest primarily through equity and fixed interest exposure using collective investments mainly operated by other fund managers. Investment may occur in regulated and unregulated collective investment schemes and also in other transferable securities, money market instruments, deposits, cash and near cash, derivative instruments and forward transactions when deemed appropriate.

The Fund may from time to time use derivatives for the purposes of efficient portfolio management only, although derivatives may be used for investment purposes on not less than 60 days' notice to investors.

Fund Facts

Fund Accounting and Distribution	
Accounting Dates	Payment Dates
31 March	17 May
	17 August
30 September	17 November
	17 February

Total Expense Ratio (TER) %		
	30 September 2011*	31 March 2011
Retail Income Shares	1.97	1.98
Second Retail Income Shares	2.48	2.45

* The TER as at 30 September 2011 has been annualised to reflect a full 12 month period.

Performance Tables (Past performance is not a guide to future performance)

Performance History (%)				
	6m to 30.09.11	12m to 31.03.11	12m to 31.03.10	Since Launch
Retail Income Shares ¹	(8.43)	6.40	26.52	9.76
Second Retail Income Share ²	(8.56)	5.96	26.19	22.26
IMA Cautious Managed Sector	(5.19)	4.76	27.50	N/A

IMA Cautious Managed Sector

N/A: Data not available for this period.

Data Source: Copyright - © 2011, Lipper. All rights reserved. Bid to Bid basis with net income reinvested.

Net Asset Values (NAV)				
As at:	Share Class	NAV (£)	NAV pence per share	Number of shares in issue
30 September 2011	Retail Income Shares	7,410,273	100.00	7,410,448
31 March 2011	Retail Income Shares	7,139,256	110.46	6,463,272
31 March 2010	Retail Income Shares	2,602,104	106.31	2,447,728
31 March 2009	Retail Income Shares	810,559	86.35	938,729
30 September 2011	Second Retail Income Shares	253,953	114.51	221,780
31 March 2011	Second Retail Income Shares	302,127	126.75	238,373
31 March 2010	Second Retail Income Shares	116,072	122.48	94,765
31 March 2009	Second Retail Income Shares	4,992	99.84	5,000

Share Price Range			
Year to:	Share Class	Highest (pence)	Lowest (pence)
30 September 2011 ³	Retail Income Shares	112.10	100.70
31 December 2010	Retail Income Shares	112.10	100.90
31 December 2009	Retail Income Shares	103.73	84.34
31 December 2008 ¹	Retail Income Shares	102.42	84.34
30 September 2011 ³	Second Retail Income Shares	128.80	115.30
31 December 2010	Second Retail Income Shares	128.80	116.30
31 December 2009 ²	Second Retail Income Shares	119.56	100.00

Distribution History		
Year to:	Share Class	Pence per Share
30 September 2011 ³	Retail Income Shares	1.6631
31 December 2010	Retail Income Shares	2.5119
31 December 2009	Retail Income Shares	3.2439
31 December 2008 ¹	Retail Income Shares	1.5187
30 September 2011 ³	Second Retail Income Shares	1.9124
31 December 2010	Second Retail Income Shares	2.8950
31 December 2009 ²	Second Retail Income Shares	2.5335

Notes to Performance Tables

¹ The Fund and its Retail Income Share Class were launched 29 July 2008

² The Second Retail Income Share Class was launched 31 March 2009

³ 9 Months from 1 January 2011 to 30 September 2011

Distribution Tables

Distribution Table					
Distribution	Group ¹	Net Income	Equalisation	2011 Distributions ²	2010 Distributions ²
Retail Income Shares					
First Interim	1	0.6373	-	0.6373	0.7788
	2	0.3120	0.3253	0.6373	0.7788
Second Retail Income Shares					
First Interim	1	0.7310	-	0.7310	0.8959
	2	0.2466	0.4844	0.7310	0.8959

Notes to Distribution Tables:

¹ Groups

Group 1: Distribution for those who bought shares before 1 April 2011

Group 2: Distribution for those who bought shares between 1 April 2011 to 30 June 2011

² Distributions Paid

If you hold "income shares" you will have received these distributions as income payments unless you opted for these to be reinvested back into your account. Distributions for "accumulation shares" will have automatically been reinvested to buy more shares.

Distribution Table					
Distribution	Group ¹	Net Income	Equalisation	2011 Distributions ²	2010 Distributions ²
Retail Income Shares					
Second Interim	1	0.5538	-	0.5538	0.6383
	2	0.1769	0.3769	0.5538	0.6383
Second Retail Income Shares					
Second Interim	1	0.6393	-	0.6393	0.7338
	2	0.1132	0.5261	0.6393	0.7338

Notes to Distribution Tables:

¹ Groups

Group 1: Distribution for those who bought shares before 1 July 2011

Group 2: Distribution for those who bought shares between 1 July 2011 to 30 September 2011

² Distributions Paid

If you hold "income shares" you will have received these distributions as income payments unless you opted for these to be reinvested back into your account. Distributions for "accumulation shares" will have automatically been reinvested to buy more shares.

Portfolio Statement

As at 30 September 2011

Holding	Sector/Security	Market Value £'000	% Total Net Assets	
			30.09.11	31.03.11
	Collective Investment Schemes - 91.11% (90.09%)*			
412,349	Aegon High Yield Bond Fund	368	4.80	7.97
123,320	Artemis Income Fund	193	2.52	2.86
28,940	AXA Framlington UK Select Opportunities Fund	539	7.04	0.00
25,080	BlackRock Gold & General Fund	369	4.81	0.00
108,800	CF Morant Wright Japan Fund	221	2.88	0.00
28,570	Fidelity South East Asia Fund	168	2.19	2.90
2,864,678	Fidelity MoneyBuilder Income Fund	899	11.73	5.81
9,540	Findlay Park American Fund	269	3.51	0.00
61,720	First State Investment - Asia Pacific Leaders Fund	211	2.75	3.05
63,277	Franklin Templeton Global Bond Fund	764	9.97	1.04
29,904	Franklin Templeton Global Bond Hedged Fund	287	3.74	1.73
22,940	Hendersons Global Technology Fund	134	1.75	1.99
132,430	Invesco Perpetual High Income Fund	404	5.27	3.13
10,270	IVI Umbrella European Fund	125	1.63	0.00
351,400	LV= UK Fixed Interest Fund ¹	461	6.02	3.04
564,850	M&G Property Portfolio Fund	415	5.41	4.05
80,410	BlackRock European Dynamic Fund	173	2.26	0.00
488,930	PSigma Income Fund	398	5.19	0.00
378,270	Schroder Income Maximiser Fund	136	1.78	5.83
189,300	Schroder UK Alpha Plus Fund	209	2.73	0.00
304,192	Threadneedle UK Property Fund	240	3.13	3.25
		6,983	91.11	
	Real Estate - 3.16% (1.98%)*			
589,280	Picton Property Income	242	3.16	0.00
	Market value of investments	7,225	94.27	
	Net other assets	439	5.73	
	Net assets	7,664	100.00	

* Percentage of holdings in this sector at 31 March 2011.

¹ Related party managed by Liverpool Victoria Portfolio Managers Limited.

NOTE: Unless otherwise stated, all investments are in Collective Investment Schemes.

LV= Diversified Income Fund *(continued)*

Top Ten Purchases and Sales	
For the six months ended 30 September 2011	
Purchases	£'000
Franklin Templeton Global Bond Fund	726
AXA Framlington UK Select Opportunities Fund	609
Fidelity Investment MoneyBuilder Income Fund	470
PSigma Income Fund	432
Schroder UK Alpha Plus Fund	431
BlackRock Gold & General Fund	403
Findlay Park American Fund	300
BlackRock European Dynamic Fund	288
Artemis Strategic Bond Fund	212
LV= UK Fixed Interest Fund	211
	4,082
Total Purchases for the period	5,493
Sales	£'000
JPMorgan Natural Resources Fund	683
BlackRock UK Absolute Alpha Fund	589
Aegon High Yield Bond Fund	361
Aegon UK Equity Fund	297
Schroder US Mid Cap Fund	284
BlackRock UK Equity Fund	283
M&G Recovery Fund	258
Schroder Income Maximiser Fund	249
LV= European ex-UK Growth Fund	209
Jupiter Absolute Return Fund	207
	3,420
Total Sales for the period	4,332

Statement of Total Return		
For the six months ended 30 September 2011	30/09/2011 £'000	30/09/2010 £'000
Income		
Net capital (losses)/gains	(785)	74
Revenue	111	55
Expenses	(49)	(20)
Net revenue before taxation	62	35
Taxation	(7)	(2)
Net revenue after taxation	55	33
Total return before distributions	(730)	107
Finance costs: distributions	(88)	(43)
Change in net assets attributable to shareholders from investment activities	(818)	64

Statement of Change in Net Assets Attributable to Shareholders

For the six months ended 30 September 2011	30/09/2011 £'000	30/09/2010 £'000
Opening net assets attributable to shareholders	7,441	2,718
Amounts received on issue of shares	1,927	1,762
Amounts paid on cancellation of shares	(881)	(98)
	1,046	1,664
Stamp Duty Reserve Tax (SDRT)	(5)	(1)
Change in net assets attributable to shareholders from investment activities	(818)	64
Closing net assets attributable to shareholders	7,664	4,445

Balance Sheet

As at 30 September 2011	30/09/2011 £'000	31/03/2011 £'000
Assets		
Investment assets	7,225	6,851
Debtors	222	112
Cash and bank balances	896	753
Total other assets	1,118	865
Total assets	8,343	7,716
Liabilities		
Creditors	637	243
Distribution payable on income shares	42	32
Total liabilities	679	275
Net assets attributable to shareholders	7,664	7,441

Fund Manager's Report

Performance Review

LV= Managed Portfolio 3 has under-performed against its benchmark over the six month period.

We were broadly neutral in the UK and had very good performance from several managers, including AXA Framlington and particularly Invesco Perpetual and PSigma, both of which we had been building up their weightings through the period. Detraction from performance came from our underweight in UK Gilts, despite the very strong performance from the underlying funds held.

There are some changes to the asset allocation which take effect from the end of the third quarter, in order to position the portfolio to maintain the risk profile and with the transfer of management at the end of October from LVAM to Threadneedle, we are gradually continuing to move the portfolios to a more neutral position. This also suits our view given below.

We consider that markets will continue to be unsettled for sometime to come and remain driven by sentiment more than fundamentals. Macro concerns persist including, European/Euro crisis, western banking problems, recession, slowing growth in Asia and inflation. With all of these and other problems around we feel that more short term tactical positions in portfolios will probably be required. These will then need to be closed out, back to neutral, in order to make progress.

Paul Kim – Head of Multi Manager and Fund Selection

Fund Objective and Policy

The objective of the Fund is to generate income with the potential for some long-term capital growth.

The policy of the Fund is to invest mainly through a portfolio of fixed interest exposure, together with some equity and property exposure to complement this, using collective investments mainly operated by other fund managers. Investment may occur in regulated and unregulated collective investment schemes and also in transferable securities, money market instruments, deposits, cash and near cash when deemed appropriate.

The Fund may from time to time use derivatives and forward transactions for the purposes of efficient portfolio management and hedging only. Derivatives may also be used for investment purposes on not less than 60 days' notice to investors.

Fund Facts

Fund Accounting and Distribution

Accounting Dates	Payment Dates
31 March	17 May
30 September	17 November

Total Expense Ratio (TER) %

	30 September 2011*	31 March 2011
Retail Income Shares	1.75	1.74
Second Retail Income Shares	2.26	2.25

* The TER as at 30 September 2011 has been annualised to reflect a full 12 month period.

Performance Tables (Past performance is not a guide to future performance)

Performance History (%)		
	6m to 30.09.11	Since Launch
Retail Income Share ¹	(1.31)	1.83
Second Retail Income Share ¹	(1.51)	1.31
Managed Portfolio 3 Composite Benchmark	1.00	4.94

The composite benchmark comprises 5% Bank of England Base Rate, 20% IMA £ Corporate Bonds, 15% Citigroup WGBI TR Index, 25% IMA UK Gilt, 10% IMA UK All Companies, 2% IMA Europe ex-UK, 3% IMA North America and 20% Customised Real Property Fund Index.

Data Source: Copyright - © 2011, Lipper. All rights reserved. Bid to Bid basis with net income reinvested.

Net Asset Values (NAV)				
As at:	Share Class	NAV (£)	NAV pence per share	Number of shares in issue
30 September 2011	Retail Income Shares	8,426,565	99.71	8,451,304
31 March 2011	Retail Income Shares	5,258,602	101.63	5,174,230
30 September 2011	Second Retail Income Shares	505,325	99.72	506,721
31 March 2011	Second Retail Income Shares	468,052	101.64	460,489

Share Price Range			
Year to:	Share Class	Highest (pence)	Lowest (pence)
30 September 2011 ²	Retail Income Shares	103.70	99.79
31 December 2010 ¹	Retail Income Shares	103.31	99.14
30 September 2011 ²	Second Retail Income Shares	103.60	99.66
31 December 2010 ¹	Second Retail Income Shares	103.30	99.12

Distribution History		
Year to:	Share Class	Pence per Share
30 September 2011 ²	Retail Income Shares	1.3610
31 December 2010 ¹	Retail Income Shares	0.3755
30 September 2011 ²	Second Retail Income Shares	0.9492
31 December 2010 ¹	Second Retail Income Shares	0.2648

Notes to Performance Tables

¹. The Fund and both its share classes were launched 15 June 2010

². 9 Months from 1 January 2011 to 30 September 2011

Distribution Tables

Distribution Tables					
Distribution	Group ¹	Net Income	Equalisation	2011 Distributions ²	2010 Distributions ²
Retail Income Shares					
Half-yearly	1	0.6967	-	0.6967	0.3755
	2	0.0940	0.6027	0.6967	0.3755
Second Retail Income Shares					
Half-yearly	1	0.4913	-	0.4913	0.2648
	2	0.0881	0.4032	0.4913	0.2648

Notes to Distribution Tables:

¹ Groups

Group 1: Distribution for those who bought shares before 1 April 2011

Group 2: Distribution for those who bought shares between 1 April 2011 to 30 September 2011

² Distributions Paid

Distribution for "income shares" you will have received these distributions as income payments unless you opted for these to be reinvested back into your account. Distributions for "accumulation shares" will have automatically been reinvested to buy more shares.

Portfolio Statement

As at 30 September 2011

Holding	Sector/Security	Market Value £'000	% Total Net Assets	
			30.09.11	31.03.11
	Collective Investment Schemes - 92.81% (90.45%)*			
6,900	AXA Framlington UK Select Opportunities Fund	129	1.44	0.00
52,900	BlackRock European Dynamic Fund	114	1.28	0.00
6,907	BlackRock UK Special Situations Fund	150	1.68	3.02
2,457,132	Fidelity MoneyBuilder Income Fund	771	8.63	3.00
5,440	Findlay Park American Fund	153	1.71	0.00
23,881	Franklin Templeton Global Bond Fund	288	3.22	8.05
29,010	Franklin Templeton Global Bond Hedged Fund	279	3.12	0.00
151,830	Invesco Perpetual High Income Fund	463	5.18	0.00
5,214	iShares Citigroup Global Government Bond Fund	397	4.44	5.08
53,032	iShares FTSE UK Gilt All Stocks ETF	607	6.80	7.46
62,840	iShares GBP ETF Index Linked Gilt Fund	808	9.05	0.00
11,570	IVI Umbrella European Fund	141	1.58	0.00
568,640	LV= UK Corporate Bond Fund ¹	699	7.83	2.22
650,840	LV= UK Fixed Interest Fund ¹	853	9.55	8.66
233,250	M&G Optimal Income Fund	281	3.15	5.57
1,021,310	M&G Property Portfolio Fund	750	8.40	7.70
472,070	PSigma Income Fund	385	4.31	0.00
105,450	Schroder UK Alpha Plus Fund	116	1.30	0.00
537,032	Threadneedle UK Property Fund	424	4.75	6.79
167,220	UBS Investment US Growth Fund	127	1.42	0.00
3,210	Vanguard UK Government Bond Fund	355	3.97	5.66
		8,290	92.81	
	Real Estate - 1.69% (3.37%)*			
368,320	Picton Property Income	151	1.69	0.00
	Market value of investments	8,441	94.50	
	Net other assets	491	5.50	
	Net assets	8,932	100.00	

* Percentage of holdings in this sector at 31 March 2011.

¹ Related party managed by Liverpool Victoria Portfolio Managers Limited.

NOTE: Unless otherwise stated, all investments are in Collective Investment Schemes.

LV= Managed Portfolio 3 *(continued)*

Top Ten Purchases and Sales	
For the six months ended 30 September 2011	
Purchases	£'000
iShares GBP ETF Index Linked Gilt Fund	880
Fidelity MoneyBuilder Income Fund	608
LV= UK Corporate Bond Fund	584
Invesco Perpetual High Income Fund	481
PSigma Income Fund	429
Franklin Templeton Global Bond Fund	349
iShares FTSE UK Gilt All Stocks ETF	341
M&G Property Portfolio Fund	325
Franklin Templeton Global Bond Hedged Fund	300
LV= UK Fixed Interest Fund	282
	4,579
Total Purchases for the period	6,217
Sales	£'000
Artemis Strategic Bond Fund	522
Franklin Templeton Global Bond Fund	498
Invesco Perpetual Corporate Bond Fund	235
Aegon UK Equity Fund	234
BlackRock UK Equity Fund	227
iShares FTSE UK Gilt All Stocks ETF	200
Schroder US Mid Cap Fund	166
M&G Optimal Income Fund	160
LV= European ex-UK Growth Hedged Fund	138
BlackRock European Dynamic Fund	116
	2,496
Total Sales for the period	2,962

Statement of Total Return

For the six months ended 30 September 2011	30/09/2011 £'000	30/09/2010 £'000
Income		
Net capital (losses)/gains	(185)	25
Revenue	96	2
Expenses	(47)	(3)
Net revenue/(expense) before taxation	49	(1)
Taxation	(6)	-
Net revenue/(expense) after taxation	43	(1)
Total return before distributions	(142)	24
Finance costs: distributions	(43)	1
Change in net assets attributable to shareholders from investment activities	(185)	25

Statement of Change in Net Assets Attributable to Shareholders

For the six months ended 30 September 2011	30/09/2011 £'000	30/09/2010 £'000
Opening net assets attributable to shareholders	5,727	-
Amounts received on issue of shares	4,570	2,015
Amounts paid on cancellation of shares	(1,178)	(30)
	3,392	1,985
Stamp Duty Reserve Tax (SDRT)	(2)	-
Change in net assets attributable to shareholders from investment activities	(185)	25
Closing net assets attributable to shareholders	8,932	2,010

Balance Sheet

As at 30 September 2011	30/09/2011 £'000	31/03/2011 £'000
Assets		
Investment assets	8,441	5,373
Debtors	194	154
Cash and bank balances	822	475
Total other assets	1,016	629
Total assets	9,457	6,002
Liabilities		
Creditors	464	239
Distribution payable on income shares	61	36
Total liabilities	525	275
Net assets attributable to shareholders	8,932	5,727

Fund Manager's Report

Performance Review

LV= Managed Portfolio 4 outperformed for the Retail Income Share Class but under-performed for the Second Retail Accumulation Share Class against its benchmark over the six month period.

Good performance was seen from our overweight in Japan, from Jupiter Japan Income and with our move in to Morant Wright Japan. We were broadly neutral in the UK and had very good performance from several managers, including AXA Framlington, Cazenove and particularly Invesco Perpetual and PSigma, both of which we had been building up their weightings through the period. Due to the addition into the benchmark of UK Gilts, we moved towards the new benchmark weighting over the period which has added to our out-performance.

There are some changes to the asset allocation which take effect from the end of the third quarter, in order to position the portfolio to maintain the risk profile and with the transfer of management at the end of October from LVAM to Threadneedle, we are gradually continuing to move the portfolios to a more neutral position. This also suits our view given below.

We consider that markets will continue to be unsettled for sometime to come and remain driven by sentiment more than fundamentals. Macro concerns persist including, European/Euro crisis, western banking problems, recession, slowing growth in Asia and inflation. With all of these and other problems around we feel that more short term tactical positions in portfolios will probably be required. These will then need to be closed out, back to neutral, in order to make progress.

Paul Kim – Head of Multi Manager and Fund Selection

Fund Objective and Policy

The objective of the Fund is to achieve long term capital growth and income generation.

The policy of the Fund is to invest primarily through a portfolio of equity and fixed interest exposure using collective investments mainly operated by other fund managers. The Fund may also obtain an exposure to property. Investment may occur in regulated and unregulated collective investment schemes and also in transferable securities, money market instruments, deposits, cash and near cash when deemed appropriate.

The Fund may from time to time use derivatives and forward transactions for the purposes of efficient portfolio management and hedging only. Derivatives may also be used for investment purposes on not less than 60 days' notice to investors.

Fund Facts

Fund Accounting and Distribution

Accounting Dates	Payment Dates
31 March	17 May
30 September	17 November

Total Expense Ratio (TER) %

	30 September 2011*	31 March 2011
Retail Income Shares	1.83	1.74
Second Retail Accumulation Shares	2.32	2.23

* The TER as at 30 September 2011 has been annualised to reflect a full 12 month period.

Performance Tables (Past performance is not a guide to future performance)

Performance History (%)				
	6m to 30.09.11	12m to 31.03.11	12m to 31.03.10	Since Launch
Retail Income Share ¹	(5.87)	6.46	27.98	10.73
Second Retail Accumulation Share ²	(6.05)	6.03	27.80	27.30
Managed Portfolio 4 Composite Benchmark	(5.96)	5.82	30.55	N/A

The composite benchmark comprises 5% Bank of England Base Rate, 33% IMA £ Corporate Bonds, 27% IMA UK All Companies, 3% IMA Europe ex-UK, 10% IMA North America, 3% IMA Japan and 19% Customised Real Property Fund Index.

N/A: Data not available for this period.

Data Source: Copyright - © 2011, Lipper. All rights reserved. Bid to Bid basis with net income reinvested.

Net Asset Values (NAV)				
As at:	Share Class	NAV (£)	NAV pence per share	Number of shares in issue
30 September 2011	Retail Income Shares	49,318,491	103.12	47,827,023
31 March 2011	Retail Income Shares	44,948,623	110.56	40,656,861
31 March 2010	Retail Income Shares	24,626,207	105.77	23,282,067
31 March 2009	Retail Income Shares	3,215,199	84.45	3,807,313
30 September 2011	Second Retail Accumulation Shares	3,293,673	126.70	2,599,592
31 March 2011	Second Retail Accumulation Shares	2,010,034	134.78	1,491,384
31 March 2010	Second Retail Accumulation Shares	649,213	127.30	510,000
31 March 2009	Second Retail Accumulation Shares	4,997	99.94	5,000

Share Price Range			
Year to:	Share Class	Highest (pence)	Lowest (pence)
30 September 2011 ³	Retail Income Shares	113.10	103.80
31 December 2010	Retail Income Shares	110.80	100.80
31 December 2009	Retail Income Shares	103.20	83.49
31 December 2008 ¹	Retail Income Shares	103.00	85.69
30 September 2011 ³	Second Retail Accumulation Shares	137.80	126.40
31 December 2010	Second Retail Accumulation Shares	134.30	121.20
31 December 2009 ²	Second Retail Accumulation Shares	123.20	100.00

Distribution History		
Year to:	Share Class	Pence per Share
30 September 2011 ³	Retail Income Shares	1.7984
31 December 2010	Retail Income Shares	2.0075
31 December 2009	Retail Income Shares	2.6527
31 December 2008 ¹	Retail Income Shares	0.2119
30 September 2011 ³	Second Retail Accumulation Shares	1.6551
31 December 2010	Second Retail Accumulation Shares	1.8721
31 December 2009 ²	Second Retail Accumulation Shares	1.1253

Notes to Performance Tables

¹. The Fund and its Retail Income Share Class launched 29 July 2008

². The Second Retail Accumulation Share Class launched 31 March 2009

³. 9 Months from 1 January 2011 to 30 September 2011

Distribution Tables

Distribution Table					
Distribution	Group ¹	Net Income	Equalisation	2011 Distributions ²	2010 Distributions ²
Retail Income Shares					
Half-yearly	1	1.0185	-	1.0185	1.0508
	2	0.2665	0.7520	1.0185	1.0508
Second Retail Accumulation Shares					
Half-yearly	1	0.9757	-	0.9757	1.0146
	2	0.2127	0.7630	0.9757	1.0146

Notes to Distribution Tables

¹ Groups

Group 1: Distribution for those who bought shares before 1 April 2011

Group 2: Distribution for those who bought shares between 1 April 2011 to 30 September 2011

² Distributions Paid

If you hold "income shares" you will have received these distributions as income payments unless you opted for these to be reinvested back into your account. Distributions for "accumulation shares" will have automatically been reinvested to buy more shares.

Portfolio Statement

As at 30 September 2011

Holding	Sector/Security	Market Value £'000	% Total Net Assets	
			30.09.11	31.03.11
	Collective Investment Schemes - 91.10% (91.14%)*			
1,128,170	Artemis Income Fund	1,767	3.36	4.14
144,710	AXA Framlington UK Select Opportunities Fund	2,696	5.12	4.26
353,880	BlackRock European Dynamic Fund	763	1.45	0.00
45,779	BlackRock UK Special Situations Fund	992	1.89	2.31
498,330	Cazenove UK Opportunities Fund	1,158	2.20	0.00
639,940	CF Morant Wright Japan Fund	1,300	2.47	0.00
33,450	CF Odey Opus Fund	766	1.46	0.00
18,539,907	Fidelity MoneyBuilder Income Fund	5,818	11.06	3.85
74,630	Findlay Park US Smaller Companies Fund	2,099	3.99	0.00
49,190	Franklin Templeton Global Bond Fund	594	1.13	0.00
87,040	Franklin Templeton Global Bond Hedged Fund	836	1.59	0.00
787,540	GLG International Japan CoreAlpha Fund	668	1.27	0.00
821,420	Invesco Perpetual High Income Fund	2,507	4.76	1.29
137,740	iShares FTSE UK Gilt All Stocks ETF	1,576	3.00	0.00
134,980	iShares GBP Index-Linked Gilt ETF	1,735	3.30	0.00
84,320	IVI Umbrella European Fund	1,025	1.95	0.00
800,916	Jupiter Japan Income Fund	401	0.76	3.77
4,684,020	LV= UK Corporate Bond Fund ¹	5,760	10.95	8.98
1,734,410	M&G Optimal Income Fund	2,086	3.96	5.30
5,469,463	M&G Property Portfolio Fund	4,017	7.63	6.53
245,720	Majedie UK Equity Fund	684	1.30	2.63
1,072,670	PSigma Income Fund	874	1.66	0.00
1,967,650	Schroder UK Alpha Plus Fund	2,172	4.13	0.00
3,527,180	Threadneedle UK Property Trust	2,786	5.29	7.03
3,746,180	UBS Investment US Growth Fund	2,850	5.42	0.00
		47,930	91.10	
	Real Estate - 2.55% (3.66%)*			
3,272,130	Picton Property Income	1,342	2.55	0.00
	Market value of investments	49,272	93.65	
	Net other assets	3,340	6.35	
	Net assets	52,612	100.00	

* Percentage of holdings in this sector at 31 March 2011.

¹ Related party managed by Liverpool Victoria Portfolio Managers Limited.

NOTE: Unless otherwise stated, all investments are in Collective Investment Schemes.

LV= Managed Portfolio 4 (continued)

Top Ten Purchases and Sales	
For the six months ended 30 September 2011	
Purchases	£'000
Fidelity MoneyBuilder Income Fund	4,051
UBS Investment US Growth Fund	3,013
Schroder UK Alpha Plus Fund	2,952
Findlay Park US Smaller Companies Fund	2,269
iShares GBP Index-Linked Gilt ETF	2,201
Invesco Perpetual High Income Fund	2,046
iShares FTSE UK Gilt All Stocks ETF	1,542
LV= UK Corporate Bond Fund	1,541
Cazenove UK Opportunities Fund	1,320
Blackrock European Dynamic Fund Acc	1,307
	22,242
Total Purchases for the period	33,911
Sales	£'000
Artemis Strategic Bond Fund	3,866
Schroder US Smaller & Mid Cap Fund	2,927
Aegon UK Equity Fund	2,680
DB X-Trackers MSCI USA TRN Index ETF	2,290
BlackRock UK Equity Fund	1,975
Invesco Perpetual Corporate Bond Fund	1,860
LV= European ex-UK Growth Fund	1,505
Jupiter Japan Income Fund	1,388
M&G Recovery Fund	1,177
M&G Optimal Income Fund	1,000
	20,668
Total Sales for the period	25,544

Statement of Total Return		
For the six months ended 30 September 2011	30/09/2011 £'000	30/09/2010 £'000
Income		
Net capital (losses)/gains	(3,714)	373
Revenue	801	484
Expenses	(291)	(169)
Net revenue before taxation	510	315
Taxation	(60)	(25)
Net revenue after taxation	450	290
Total return before distributions/accumulations	(3,264)	663
Finance costs: distributions/accumulations	(450)	(290)
Change in net assets attributable to shareholders from investment activities	(3,714)	373

Statement of Change in Net Assets Attributable to Shareholders

For the six months ended 30 September 2011	30/09/2011 £'000	30/09/2010 £'000
Opening net assets attributable to shareholders	46,959	25,275
Amounts received on issue of shares	11,245	12,582
Amounts paid on cancellation of shares	(1,893)	(680)
	9,352	11,902
Stamp Duty Reserve Tax (SDRT)	(10)	(6)
Change in net assets attributable to shareholders from investment activities	(3,714)	373
Retained distribution on accumulation shares	25	11
Closing net assets attributable to shareholders	52,612	37,555

Balance Sheet

As at 30 September 2011	30/09/2011 £'000	31/03/2011 £'000
Assets		
Investment assets	49,272	44,516
Debtors	1,269	1,453
Cash and bank balances	3,856	3,558
Total other assets	5,125	5,011
Total assets	54,397	49,527
Liabilities		
Creditors	1,298	2,251
Distribution payable on income shares	487	317
Total liabilities	1,785	2,568
Net assets attributable to shareholders	52,612	46,959

Fund Manager's Report

Performance Review

LV= Managed Portfolio 5 out-performed against its benchmark over the six month period.

Good performance was seen from our overweight in Japan, from Jupiter Japan Income and with our move in to Morant Wright Japan. We were broadly neutral in the UK and had very good performance from several managers, including AXA Framlington, Cazenove, and particularly Invesco Perpetual and PSigma, both of which we had been building up their weightings through the period.

There are some changes to the asset allocation which take effect from the end of the third quarter, in order to position the portfolio to maintain the risk profile and with the transfer of management at the end of October from LVAM to Threadneedle, we are gradually continuing to move the portfolios to a more neutral position. This also suits our view given below.

We consider that markets will continue to be unsettled for sometime to come and remain driven by sentiment more than fundamentals. Macro concerns persist, including, European/Euro crisis, western banking problems, recession, slowing growth in Asia and inflation. With all of these and other problems around we feel that more short term tactical positions in portfolios will probably be required. These will then need to be closed out, back to neutral, in order to make progress.

Paul Kim – Head of Multi Manager and Fund Selection

Fund Objective and Policy

The objective of the Fund is to achieve long term capital growth with some income generation.

The policy of the Fund is to invest primarily in global stock markets using collective investments mainly operated by other fund managers, with flexibility to gain exposure to fixed interest investments and property. Investment may occur in regulated and unregulated collective investment schemes and also in transferable securities, money market instruments, deposits, cash and near cash, when deemed appropriate.

The Fund may from time to time use derivatives and forward transactions for the purposes of efficient portfolio management and hedging only. Derivatives may also be used for investment purposes on not less than 60 days' notice to investors.

Fund Facts

Fund Accounting and Distribution

Accounting Dates	Payment Dates
31 March	17 May
30 September	17 November

Total Expense Ratio (TER) %

	30 September 2011*	31 March 2011
Retail Income Shares	1.92	1.76
Second Retail Accumulation Shares	2.41	2.26

* The TER as at 30 September 2011 has been annualised to reflect a full 12 month period.

Performance Tables (Past performance is not a guide to future performance)

Performance History (%)				
	6m to 30.09.11	12m to 31.03.11	12m to 31.03.10	Since Launch
Retail Income Share ¹	(8.26)	6.73	31.70	10.74
Second Retail Accumulation Share ²	(8.44)	6.31	31.50	28.00
Managed Portfolio 5 Composite Benchmark	(8.73)	6.69	36.10	N/A

The composite benchmark comprises 5% Bank of England Base Rate, 22% IMA £ Corporate Bonds, 29% IMA UK All Companies, 8% IMA Europe ex-UK, 10% IMA North America, 5% IMA Japan, 3% IMA Asia Pacific ex-Japan, 5% IMA Global Emerging Markets and 13% Customised Real Property Fund Index.

N/A: Data not available for this period.

Data Source: Copyright - © 2011, Lipper. All rights reserved. Bid to Bid basis with net income reinvested.

Net Asset Values (NAV)				
As at:	Share Class	NAV (£)	NAV pence per share	Number of shares in issue
30 September 2011	Retail Income Shares	45,484,030	104.83	43,390,213
31 March 2011	Retail Income Shares	40,688,618	115.18	35,326,759
31 March 2010	Retail Income Shares	22,928,088	109.33	20,972,198
31 March 2009	Retail Income Shares	3,268,044	84.25	3,879,066
30 September 2011	Second Retail Accumulation Shares	3,831,313	127.50	3,005,041
31 March 2011	Second Retail Accumulation Shares	2,678,325	139.34	1,922,217
31 March 2010	Second Retail Accumulation Shares	1,165,024	131.14	888,395
31 March 2009	Second Retail Accumulation Shares	4,997	99.94	5,000

Share Price Range			
Year to:	Share Class	Highest (pence)	Lowest (pence)
30 September 2011 ³	Retail Income Shares	117.90	104.90
31 December 2010	Retail Income Shares	115.60	102.20
31 December 2009	Retail Income Shares	105.70	81.98
31 December 2008 ¹	Retail Income Shares	103.28	83.72
30 September 2011 ³	Second Retail Accumulation Shares	142.50	126.60
31 December 2010	Second Retail Accumulation Shares	139.49	122.48
31 December 2009 ²	Second Retail Accumulation Shares	126.09	100.00

Distribution History		
Year to:	Share Class	Pence per Share
30 September 2011 ³	Retail Income Shares	1.2315
31 December 2010	Retail Income Shares	1.6260
31 December 2009	Retail Income Shares	2.0940
31 December 2008 ¹	Retail Income Shares	0.2097
30 September 2011 ³	Second Retail Accumulation Shares	0.9435
31 December 2010	Second Retail Accumulation Shares	1.4691
31 December 2009 ²	Second Retail Accumulation Shares	0.7838

Notes to Performance Tables

¹. The Fund and its Retail Income Share Class launched 29 July 2008

². The Second Retail Accumulation Share Class launched 31 March 2009

³. 9 Months from 1 January 2011 to 30 September 2011

Distribution Tables

Distribution Table					
Distribution	Group ¹	Net Income	Equalisation	2011 Distributions ²	2010 Distributions ²
Retail Income Shares					
Half-yearly	1	0.7765	-	0.7765	0.9465
	2	0.2407	0.5358	0.7765	0.9465
Second Retail Accumulation Shares					
Half-yearly	1	0.6667	-	0.6667	0.8796
	2	0.1177	0.5490	0.6667	0.8796

Notes to Distribution Tables:

¹ Groups

Group 1: Distribution for those who bought shares before 1 April 2011

Group 2: Distribution for those who bought shares between 1 April 2011 to 30 September 2011

² Distributions Paid

If you hold “income shares” you will have received these distributions as income payments unless you opted for these to be reinvested back into your account. Distributions for “accumulation shares” will have automatically been reinvested to buy more shares.

Portfolio Statement

As at 30 September 2011

Holding	Sector/Security	Market Value £'000	% Total Net Assets	
			30.09.11	31.03.11
	Collective Investment Schemes - 90.76% (90.49%)*			
392,140	Aberdeen Emerging Markets Fund	1,868	3.79	0.00
1,053,310	Artemis Income Fund	1,650	3.35	4.19
122,530	AXA Framlington UK Select Opportunities Fund	2,283	4.63	0.00
1,110,430	BlackRock European Dynamic Fund	2,395	4.86	0.00
61,939	BlackRock UK Special Situations Fund	1,343	2.72	2.68
624,660	Cazenove UK Opportunities Fund	1,452	2.94	0.00
606,680	CF Morant Wright Japan Fund	1,232	2.50	0.00
12,041,021	Fidelity MoneyBuilder Income Fund	3,778	7.66	2.60
83,440	Findlay Park American Fund	2,347	4.76	0.00
78,460	Fidelity South East Asia Fund	460	0.93	0.00
477,900	First State Investment - Asia Pacific Leaders Fund	1,632	3.31	4.06
1,080,840	GLG International Japan CoreAlpha Fund	917	1.86	0.00
1,195,830	Invesco Perpetual High Income Fund	3,649	7.40	0.67
145,320	IVI Umbrella European Fund	1,767	3.58	0.00
1,997,170	Jupiter Japan Income Fund	999	2.03	5.64
2,830,120	LV= UK Corporate Bond Fund ¹	3,480	7.06	4.36
1,976,340	M&G Optimal Income Fund	2,377	4.82	5.42
4,665,590	M&G Property Portfolio Fund	3,427	6.95	5.03
1,745,270	PSigma Income Fund	1,422	2.88	0.00
1,923,080	Schroder UK Alpha Plus Fund	2,123	4.30	0.00
1,917,454	Threadneedle UK Property Fund	1,515	3.07	3.52
3,474,350	UBS Investment US Growth Fund	2,643	5.36	0.00
		44,759	90.76	
	Real Estate - 2.17% (3.16%)*			
2,607,950	Picton Property Income	1,069	2.17	0.00
	Market Value of Investments	45,828	92.93	
	Net other assets	3,487	7.07	
	Net assets	49,315	100.00	

* Percentage of holdings in this sector at 31 March 2011.

¹ Related party managed by Liverpool Victoria Portfolio Managers Limited.

NOTE: Unless otherwise stated, all investments are in Collective Investment Schemes.

LV= Managed Portfolio 5 (continued)

Top Ten Purchases and Sales	
For the six months ended 30 September 2011	
Purchases	£'000
BlackRock European Dynamic Fund	3,752
Invesco Perpetual High Income Fund	3,489
Fidelity MoneyBuilder Income Fund	3,430
UBS Investment US Growth Fund	2,802
Schroder UK Alpha Plus Fund	2,746
AXA Framlington UK Select Opportunities Fund	2,598
Findlay Park American Fund	2,523
IVI Umbrella European Fund	2,075
Aberdeen Emerging Markets Fund	2,037
LV= UK Corporate Bond Fund	1,600
	27,052
Total Purchases for the period	37,763
Sales	£'000
Schroder US Mid Cap Fund	2,591
Artemis Strategic Bond Fund	2,570
LV= Euro ex-UK Growth Fund	2,542
AEGON UK Equity Fund	2,440
DB X-Tracker MSCI USA TRN Index ETF	2,089
BlackRock UK Equity Fund	1,920
Royal London All Share Tracker Fund	1,838
Baring UK Umbrella Fund	1,684
Jupiter Japan Income Fund	1,660
Majedie UK Equity Fund	1,304
	20,638
Total Sales for the period	27,972

Statement of Total Return		
For the six months ended 30 September 2011	30/09/2011 £'000	30/09/2010 £'000
Income		
Net capital (losses)/gains	(4,632)	296
Revenue	600	416
Expenses	(273)	(163)
Net revenue before taxation	327	253
Taxation	(20)	(6)
Net revenue after taxation	307	247
Total return before distributions/accumulations	(4,325)	543
Finance costs: distributions/accumulations	(307)	(240)
Change in net assets attributable to shareholders from investment activities	(4,632)	303

Statement of Change in Net Assets Attributable to Shareholders

For the six months ended 30 September 2011	30/09/2011 £'000	30/09/2010 £'000
Opening net assets attributable to shareholders	43,367	24,093
Amounts received issue of shares	11,452	10,751
Amounts paid on cancellation of shares	(884)	(760)
	10,568	9,991
Stamp Duty Reserve Tax (SDRT)	(8)	(5)
Change in net assets attributable to shareholders from investment activities	(4,632)	303
Retained distribution on accumulation shares	20	13
Closing net assets attributable to shareholders	49,315	34,395

Balance Sheet

As at 30 September 2011	30/09/2011 £'000	31/03/2011 £'000
Assets		
Investment assets	45,828	40,612
Debtors	1,014	550
Cash and bank balances	4,280	2,420
Total other assets	5,294	2,970
Total assets	51,122	43,582
Liabilities		
Creditors	1,470	54
Distribution payable on income shares	337	161
Total liabilities	1,807	215
Net assets attributable to shareholders	49,315	43,367

Fund Manager's Report

Performance Review

LV= Managed Portfolio 6 out-performed against its benchmark over the six month period.

Good performance was seen from our overweight in Japan, from Jupiter Japan Income and with our move in to Morant Wright Japan. We were broadly neutral in the UK and had very good performance from several managers, including AXA Framlington, Cazenove, Lindsell Train and particularly Invesco Perpetual and PSigma, both of which we had been building up their weightings through the period.

There are some changes to the asset allocation which take effect from the end of the third quarter, in order to position the portfolio to maintain the risk profile and with the transfer of management at the end of October from LVAM to Threadneedle, we are gradually continuing to move the portfolios to a more neutral position. This also suits our view given below.

We consider that markets will continue to be unsettled for sometime to come and remain driven by sentiment more than fundamentals. Macro concerns persist, including, European/Euro crisis, western banking problems, recession, slowing growth in Asia and inflation. With all of these and other problems around we feel that more short term tactical positions in portfolios will probably be required. These will then need to be closed out, back to neutral, in order to make progress.

Paul Kim – Head of Multi Manager and Fund Selection

Fund Objective and Policy

The objective of the Fund is to achieve long term capital growth.

The policy of the Fund is to invest primarily in global stock markets using collective investments mainly operated by other fund managers, with flexibility to gain a minority exposure to fixed interest investments and property. Investment may occur in regulated and unregulated collective investment schemes and also in transferable securities, money market instruments, deposits, cash and near cash when deemed appropriate.

The Fund may from time to time use derivatives and forward transactions for the purposes of efficient portfolio management and hedging only. Derivatives may also be used for investment purposes on not less than 60 days' notice to investors.

Fund Facts

Fund Accounting and Distribution

Accounting Dates	Payment Dates
31 March	17 May
30 September	17 November

Total Expense Ratio (TER) %

	30 September 2011*	31 March 2011
Retail Income Shares	2.01	1.81
Second Retail Accumulation Shares	2.49	2.28

* The TER as at 30 September 2011 has been annualised to reflect a full 12 month period.

Performance Tables (Past performance is not a guide to future performance)

Performance History (%)				
	6m to 30.09.2011	12m to 31.03.2011	12m to 31.03.2010	Since Launch
Retail Income Share ¹	(9.32)	8.13	37.47	10.43
Second Retail Accumulation Share ²	(9.49)	7.59	37.10	33.50
Managed Portfolio 6 Composite Benchmark	(10.78)	8.13	42.69	N/A

The composite benchmark comprises 16% IMA £ Corporate Bonds, 43% IMA UK All Companies, 8% IMA Europe ex-UK, 10% IMA North America, 5% IMA Japan, 5% IMA Asia Pacific ex-Japan, 5% IMA Global Emerging Markets and 8% Customised Real Property Fund Index.

N/A: Data not available for this period.

Data Source: Copyright - © 2011, Lipper. All rights reserved. Bid to Bid basis with net income reinvested.

Net Asset Values (NAV)				
As at:	Share Class	NAV (£)	NAV pence per share	Number of shares in issue
30 September 2011	Retail Income Shares	22,455,500	105.26	21,333,532
31 March 2011	Retail Income Shares	19,591,001	116.82	16,769,723
31 March 2010	Retail Income Shares	9,075,992	109.28	8,305,140
31 March 2009	Retail Income Shares	979,041	80.68	1,213,514
30 September 2011	Second Retail Accumulation Shares	1,258,883	133.09	945,857
31 March 2011	Second Retail Accumulation Shares	567,741	147.16	385,792
31 March 2010	Second Retail Accumulation Shares	81,821	136.76	59,828
31 March 2009	Second Retail Accumulation Shares	4,995	99.90	5,000

Share Price Range			
Year to:	Share Class	Highest (pence)	Lowest (pence)
30 September 2011 ³	Retail Income Shares	120.20	104.50
31 December 2010	Retail Income Shares	117.20	100.30
31 December 2009	Retail Income Shares	104.91	77.62
31 December 2008 ¹	Retail Income Shares	103.68	78.87
30 September 2011 ³	Second Retail Accumulation Shares	151.20	131.40
31 December 2010	Second Retail Accumulation Shares	147.50	125.40
31 December 2009 ²	Second Retail Accumulation Shares	130.61	100.00

Distribution History		
Year to:	Share Class	Pence per Share
30 September 2011 ³	Retail Income Shares	0.9375
31 December 2010	Retail Income Shares	1.6442
31 December 2009	Retail Income Shares	1.6907
31 December 2008 ¹	Retail Income Shares	0.2793
30 September 2011 ³	Second Retail Accumulation Shares	0.4729
31 December 2010	Second Retail Accumulation Shares	1.4898
31 December 2009 ²	Second Retail Accumulation Shares	0.8028

Notes to Performance Tables

¹. The Fund and its Retail Income Share Class launched 29 July 2008

². The Second Retail Accumulation Share Class launched 31 March 2009

³. 9 Months from 1 January 2011 to 30 September 2011

Distribution Tables

Distribution Table					
Distribution	Group ¹	Net Income	Equalisation	2011 Distributions ²	2010 Distributions ²
Retail Income Shares					
Half-yearly	1	0.6560	-	0.6560	0.9717
	2	0.1910	0.4650	0.6560	0.9717
Second Retail Accumulation Shares					
Half-yearly	1	0.4729	-	0.4729	0.8929
	2	0.0223	0.4506	0.4729	0.8929

Notes to Distribution Tables:

¹ Groups

Group 1: Distribution for those who bought shares before 1 April 2011

Group 2: Distribution for those who bought shares between 1 April 2011 to 30 September 2011

² Distributions Paid

If you hold "income shares" you will have received these distributions as income payments unless you opted for these to be reinvested back into your account. Distributions for "accumulation shares" will have automatically been reinvested to buy more shares.

Portfolio Statement

As at 30 September 2011

Holding	Sector/Security	Market Value £'000	% Total Net Assets	
			30.09.11	31.03.11
	Collective Investment Schemes - 97.28% (94.94%)*			
265,000	Aberdeen Emerging Markets Fund	1,262	5.32	0.00
741,160	Artemis Income Fund	1,161	4.90	6.33
72,010	AXA Framlington UK Select Opportunities Fund	1,342	5.66	0.00
526,790	BlackRock European Dynamic Fund	1,136	4.79	0.00
21,997	BlackRock UK Special Situations Fund	477	2.01	3.70
412,970	Cazenove UK Opportunities Fund	960	4.05	0.00
585,630	CF Linsdell Train UK Equity Fund	840	3.54	0.00
320,040	CF Morant Wright Japan Fund	650	2.74	0.00
4,679,673	Fidelity MoneyBuilder Income Fund	1,468	6.19	0.00
50,820	Fidelity South East Asia Fund	298	1.26	0.00
42,390	Findlay Park American Fund	1,192	5.03	0.00
303,130	First State Investment - Asia Pacific Leaders Fund	1,035	4.36	5.54
286,980	GLG International Japan CoreAlpha Fund	244	1.03	0.00
746,680	Invesco Perpetual High Income Fund	2,278	9.60	1.91
70,350	IVI Umbrella European Fund	856	3.61	0.00
1,427,680	Jupiter Japan Income Fund	714	3.01	5.27
925,420	LV= UK Corporate Bond Fund ¹	1,138	4.80	4.18
599,780	M&G Optimal Income Fund	721	3.04	3.44
1,297,950	M&G Property Portfolio Fund	953	4.02	2.98
154,860	Majedie UK Equity Fund	431	1.82	4.47
1,674,650	PSigma Income Fund	1,365	5.76	0.00
841,900	Schroder UK Alpha Plus Fund	930	3.92	0.00
474,150	Threadneedle UK Property Fund	375	1.58	1.88
1,634,430	UBS Investment US Growth Fund	1,243	5.24	0.00
		23,069	97.28	
	Real Estate - 1.30% (1.96%)*			
754,210	Picton Property Income	309	1.30	0.00
	Market value of investments	23,378	98.58	
	Net other assets	336	1.42	
	Net assets	23,714	100.00	

* Percentage of holdings in this sector at 31 March 2011.

¹ Related party managed by Liverpool Victoria Portfolio Managers Limited.

NOTE: Unless otherwise stated, all investments are in Collective Investment Schemes.

LV= Managed Portfolio 6 (continued)

Top Ten Purchases and Sales	
For the six months ended 30 September 2011	
Purchases	£'000
Invesco Perpetual High Income Fund	2,005
AXA Framlington UK Select Opportunities Fund	1,525
PSigma Income Fund	1,507
BlackRock European Dynamic Fund	1,501
Fidelity MoneyBuilder Income Fund	1,492
Aberdeen Emerging Markets Fund	1,390
UBS Investment US Growth Fund	1,316
Schroder UK Alpha Plus Fund	1,315
Findlay Park American Fund	1,298
Cazenove UK Opportunities Fund	1,089
	14,438
Total Purchases for the period	20,210
Sales	£'000
Aegon UK Equity Fund	1,791
BlackRock UK Equity Fund	1,327
Schroder US Mid Cap Fund	1,279
Royal London All Share Tracker Fund	1,232
LV= European Ex-UK Growth Fund	1,171
Artemis Strategic Bond Fund	1,069
DB X-Tracker MSCI USA Index ETF	975
Jupiter Japan Income Fund	834
M&G Recovery Fund	752
BlackRock UK Special Situations Fund	519
	10,949
Total Sales for the period	13,945

Statement of Total Return		
For the six months ended 30 September 2011	30/09/2011 £'000	30/09/2010 £'000
Income		
Net capital (losses)/gains	(2,456)	192
Revenue	251	170
Expenses	(131)	(67)
Net revenue before taxation	120	103
Taxation	-	-
Net revenue after taxation	120	103
Total return before distributions/accumulations	(2,336)	295
Finance costs: distributions/accumulations	(120)	(100)
Change in net assets attributable to shareholders from investment activities	(2,456)	195

Statement of Change in Net Assets Attributable to Shareholders

For the six months ended 30 September 2011	30/09/2011 £'000	30/09/2010 £'000
Opening net assets attributable to shareholders	20,159	9,158
Amounts received on issue of shares	6,510	4,887
Amounts paid on cancellation of shares	(499)	(64)
	6,011	4,823
Stamp Duty Reserve Tax (SDRT)	(4)	-
Change in net assets attributable to shareholders from investment activities	(2,456)	195
Retained distribution on accumulation shares	4	1
Closing net assets attributable to shareholders	23,714	14,177

Balance Sheet

As at 30 September 2011	30/09/2011 £'000	31/03/2011 £'000
Assets		
Investment assets	23,378	19,535
Debtors	46	326
Cash and bank balances	1,067	372
Total other assets	1,113	698
Total assets	24,491	20,233
Liabilities		
Creditors	637	27
Distribution payable on income shares	140	47
Total liabilities	777	74
Net assets attributable to shareholders	23,714	20,159

Fund Manager's Report

Performance Review

LV= Managed Portfolio 7 out-performed against its benchmark over the six month period.

Good performance was seen from our overweight in Japan, from Jupiter Japan Income and with our move in to Morant Wright Japan. We were broadly neutral in the UK and had very good performance from several managers, including AXA Framlington, Cazenove, Lindsell Train and particularly Invesco Perpetual and PSigma, both of which we had been building up their weightings through the period.

There are some changes to the asset allocation which take effect from the end of the third quarter, in order to position the portfolio to maintain the risk profile and with the transfer of management at the end of October from LVAM to Threadneedle, we are gradually continuing to move the portfolios to a more neutral position. This also suits our view given below.

We consider that markets will continue to be unsettled for sometime to come and remain driven by sentiment more than fundamentals. Macro concerns persist, including European/Euro crisis, western banking problems, recession, slowing growth in Asia and inflation. With all of these and other problems around we feel that more short term tactical positions in portfolios will probably be required. These will then need to be closed out, back to neutral, in order to make progress.

Paul Kim – Head of Multi Manager and Fund Selection

Fund Objective and Policy

The objective of the Fund is to achieve significant long term capital growth.

The policy of the Fund is to invest principally in global stock markets using collective investments mainly operated by other fund managers. Investment may occur in regulated and unregulated collective investment schemes and also in transferable securities, money market instruments, deposits, cash and near cash when deemed appropriate.

The Fund may from time to time use derivatives and forward transactions for the purposes of efficient portfolio management and hedging only. Derivatives may also be used for investment purposes on not less than 60 days' notice to investors.

Fund Facts

Fund Accounting and Distribution

Accounting Dates	Payment Dates
31 March	17 May
30 September	17 November

Total Expense Ratio (TER) %

	30 September 2011*	31 March 2011
Retail Income Shares	2.07	1.86
Second Retail Accumulation Shares	2.56	2.35

* The TER as at 30 September 2011 has been annualised to reflect a full 12 month period.

Performance Tables (Past performance is not a guide to future performance)

Performance History (%)				
	6m to 30.09.11	12m to 31.03.11	12m to 31.03.10	Since Launch
Retail Income Share ¹	(10.85)	8.72	42.59	10.27
Second Retail Accumulation Share ²	(11.11)	8.15	42.30	36.80
Managed Portfolio 7 Composite Benchmark	(12.87)	9.16	48.37	N/A

The composite benchmark comprises 8% IMA £ Corporate Bonds, 50% IMA UK All Companies, 8% IMA Europe ex-UK, 10% IMA North America, 5% IMA Japan, 7% IMA Asia Pacific ex-Japan, 10% IMA Global Emerging Markets and 2% Customised Real Property Fund Index.

N/A: Data not available for this period.

Data Source: Copyright - © 2011, Lipper. All rights reserved. Bid to Bid basis with net income reinvested.

Net Asset Values (NAV)				
As at:	Share Class	NAV (£)	NAV pence per share	Number of shares in issue
30 September 2011	Retail Income Shares	14,265,665	106.93	13,341,690
31 March 2011	Retail Income Shares	12,747,844	120.38	10,590,052
31 March 2010	Retail Income Shares	7,590,252	111.51	6,806,937
31 March 2009	Retail Income Shares	1,351,493	78.74	1,716,297
30 September 2011	Second Retail Accumulation Shares	1,130,449	136.58	827,708
31 March 2011	Second Retail Accumulation Shares	901,837	153.64	586,975
31 March 2010	Second Retail Accumulation Shares	393,089	142.01	276,795
31 March 2009	Second Retail Accumulation Shares	4,991	99.82	5,000

Share Price Range			
Year to:	Share Class	Highest (pence)	Lowest (pence)
30 September 2011 ³	Retail Income Shares	124.00	105.30
31 December 2010	Retail Income Shares	121.00	100.90
31 December 2009	Retail Income Shares	105.85	74.26
31 December 2008 ¹	Retail Income Shares	103.86	74.99
30 September 2011 ³	Second Retail Accumulation Shares	158.00	134.10
31 December 2010	Second Retail Accumulation Shares	154.70	128.30
31 December 2009 ²	Second Retail Accumulation Shares	134.77	100.00

Distribution History		
Year to:	Share Class	Pence per Share
30 September 2011 ³	Retail Income Shares	0.3616
31 December 2010	Retail Income Shares	0.9809
31 December 2009	Retail Income Shares	1.2172
31 December 2008 ¹	Retail Income Shares	0.2998
30 September 2011 ³	Second Retail Accumulation Shares	0.0730
31 December 2010	Second Retail Accumulation Shares	0.6537
31 December 2009 ²	Second Retail Accumulation Shares	0.6376

Notes to Performance Tables

¹. The Fund and its Retail Income Share Class launched 29 July 2008

². The Second Retail Accumulation Share Class launched 31 March 2009

³. 9 Months from 1 January 2011 to 30 September 2011

Distribution Tables

Distribution Table					
Distribution	Group ¹	Net Income	Equalisation	2011 Distributions ²	2010 Distributions ²
Retail Income Shares					
Half-yearly	1	0.3480	-	0.3480	0.7829
	2	0.0845	0.2635	0.3480	0.7829
Second Retail Accumulation Shares					
Half-yearly	1	0.0730	-	0.0730	0.6537
	2	0.0000	0.0730	0.0730	0.6537

Notes to Distribution Tables:

¹ Groups

Group 1: Distribution for those who bought shares before 1 April 2011

Group 2: Distribution for those who bought shares between 1 April 2011 to 30 September 2011

² Distributions Paid

If you hold "income shares" you will have received these distributions as income payments unless you opted for these to be reinvested back into your account. Distributions for "accumulation shares" will have automatically been reinvested to buy more shares.

Portfolio Statement

As at 30 September 2011

Holding	Sector/Security	Market Value £'000	% Total Net Assets	
			30.09.11	31.03.11
	Collective Investment Schemes - 97.73% (96.84%)*			
269,710	Aberdeen Emerging Markets Fund	1,285	8.35	0.00
648,630	Artemis Income Fund	1,016	6.60	7.27
63,550	AXA Framlington UK Select Opportunities Fund	1,184	7.69	0.00
311,500	BlackRock European Dynamic Fund	672	4.36	4.43
24,078	BlackRock UK Special Situations Fund	522	3.39	0.00
380,310	Cazenove UK Opportunities Fund	884	5.74	0.00
270,100	CF Linsdell Train UK Equity Fund	387	2.51	0.00
335,260	CF Morant Wright Japan Fund	681	4.42	0.00
1,513,696	Fidelity MoneyBuilder Income Fund	475	3.09	0.00
87,950	Fidelity South East Asia Fund	516	3.35	0.00
28,880	Findlay Park American Fund	812	5.27	7.63
282,810	First State Investment - Asia Pacific Leaders Fund	966	6.27	0.00
179,360	GLG International Japan CoreAlpha Fund	152	0.99	1.49
498,270	Invesco Perpetual High Income Fund	1,520	9.87	0.00
43,210	IVI Umbrella European Fund	526	3.42	5.64
400,860	Jupiter Japan Income Fund	201	1.31	1.14
427,170	LV= UK Corporate Bond Fund ¹	525	3.41	0.00
1,296,400	PSigma Income Fund	1,057	6.88	0.00
619,710	Schroder UK Alpha Plus Fund	684	4.44	0.00
334,661	Threadneedle UK Property Fund	264	1.71	0.86
944,380	UBS Investment US Growth Fund	718	4.66	0.00
		15,047	97.73	
	Market value of investments	15,047	97.73	
	Net other assets	349	2.27	
	Net assets	15,396	100.00	

* Percentage of holdings in this sector at 31 March 2011.

¹ Related party managed by Liverpool Victoria Portfolio Managers Limited.

NOTE: Unless otherwise stated, all investments are in Collective Investment Schemes.

LV= Managed Portfolio 7 (continued)

Top Ten Purchases and Sales	
For the six months ended 30 September 2011	
Purchases	£'000
Aberdeen Emerging Markets Fund	1,408
Invesco Perpetual High Income Fund	1,401
AXA Framlington UK Select Opportunities Fund	1,349
PSigma Income Fund	1,177
Schroder UK Alpha Plus Fund	1,158
BlackRock European Dynamic Fund	1,053
Cazenove UK Opportunities Fund	979
Findlay Park American Fund	902
UBS Investment US Growth Fund	759
Fidelity South East Asia Fund	646
	10,832
Total Purchases for the period	15,368
Sales	£'000
Aegon UK Equity Fund	1,385
BlackRock UK Equity Fund	1,052
Royal London All Share Tracker Fund	950
Schroder US Mid Cap Fund	900
Jupiter Japan Income Fund	769
LV= European ex-UK Growth Fund	764
Majedie UK Equity Fund	754
Baring UK Emerging Markets Fund	707
Artemis Strategic Bond Fund	639
DB X-Trackers MSCI USA TRN Index ETF	612
	8,532
Total Sales for the period	11,717

Statement of Total Return		
For the six months ended 30 September 2011	30/09/2011 £'000	30/09/2010 £'000
Income		
Net capital (losses)/gains	(1,821)	132
Revenue	128	115
Expenses	(88)	(50)
Net revenue before taxation	40	65
Taxation	-	-
Net revenue after taxation	40	65
Total return before distributions/accumulations	(1,781)	197
Finance costs: distributions/accumulations	(40)	(60)
Change in net assets attributable to shareholders from investment activities	(1,821)	137

Statement of Change in Net Assets Attributable to Shareholders

For the six months ended 30 September 2011	30/09/2011 £'000	30/09/2010 £'000
Opening net assets attributable to shareholders	13,650	7,983
Amounts received on issue of shares	3,911	2,291
Amounts paid on cancellation of shares	(344)	(173)
	3,567	2,118
Stamp Duty Reserve Tax (SDRT)	(1)	(1)
Change in net assets attributable to shareholders from investment activities	(1,821)	137
Retained distribution on accumulation shares	1	2
Closing net assets attributable to shareholders	15,396	10,239

Balance Sheets

As at 30 September 2011	30/09/2011 £'000	31/03/2011 £'000
Assets		
Investment assets	15,047	13,219
Debtors	198	88
Cash and bank balances	496	386
Total other assets	694	474
Total assets	15,741	13,693
Liabilities		
Creditors	299	24
Bank overdrafts	-	18
Distribution payable on income shares	46	1
Total liabilities	345	43
Net assets attributable to shareholders	15,396	13,650

Further Information

Minimum Holdings and Transactions

	Monthly	Lump Sum	Subsequent Investment	Minimum Shareholding
Retail Shares	£100	£1,000	£500	£500
Second Retail Shares	£100	£1,000	£500	£500

Subscription Days

Shares may be purchased or sold on any business day. The price of shares is calculated daily. A forward pricing basis is used. Prices are published on our website (www.LVAM.co.uk) or can be obtained by telephone on 0845 113 0273. Calls may be recorded for training and monitoring purposes.

Selling Shares

Shareholders may offer all their shares for sale to the ACD. Alternatively, they may offer a lesser number for sale, provided they retain at least the minimum holding referred to above. All sale instructions must be made to the ACD in writing or by telephone. The shares will be purchased from the shareholder at the next valuation point and a contract note confirming the sale will be sent.

Dilution

The Company may suffer dilution (reduction) in the value of the Scheme Property as a result of the costs incurred in dealing in its investments and of any spread between the buying and selling prices of these investments. It is not, however, possible to predict accurately whether dilution will occur at any point in time. In order to counter this, the ACD may require the payment of a dilution levy. In cases where a dilution levy is made the value of the capital of the scheme property will not be adversely affected by dilution. If charged, the dilution levy will be shown in addition to (but not part of) the price of Shares on their issue by the Company or sale by the ACD and as a deduction to the price of Shares on their cancellation by the Company or redemption by the ACD. The ACD has no entitlement to the dilution levy. It will either be paid onto the Company, in the case of an issue of Shares by the Company or sale by the ACD, or retained in the Company in the case of a cancellation of Shares by the Company or redemption by the ACD.

The need to charge a dilution levy will depend on the volume of net purchases or redemptions, as described below. The ACD may charge a dilution levy on any purchase or redemption of Shares if, in its opinion, the existing Shareholders (for purchases) or continuing Shareholders (for redemptions) might otherwise materially be adversely affected. A dilution levy must be imposed only in a manner that, so far as practicable, is fair to all Shareholders or potential Shareholders. In particular, the dilution levy may be charged in the following circumstances:

- If the Company is experiencing large levels of net purchases (i.e. purchases less redemptions) relative to its size;
- If the Company is experiencing large levels of net redemptions (i.e. redemptions less purchases) relative to its size;
- On "large deals". For these purposes, a large deal is defined as a purchase or redemption in excess of £1,000,000 or 2% or more of the value of the Company whichever shall be lower;
- In any other case where the ACD is of the opinion that the interests of existing/continuing Shareholders and potential Shareholders require the imposition of a dilution levy.

In order to reduce the volatility in the rate of any dilution levy, the ACD may take account of the trend of the Company to expand or to contract; and the transactions in Shares at a particular Valuation Point.

For illustrative purposes, for the 6 months from 1 April 2011 to 30 September 2011 dilution levies were made on the following occasions:

Fund	Retail Income Share Class		Second Retail Income Share Class	
	Range of Charges(%)	Number of Occasions	Range of Charges(%)	Number of Occasions
LV= Diversified Income Fund	none	nil	none	nil
LV= Managed Portfolio 3	none	nil	none	nil
LV= Managed Portfolio 4	none	nil	none	nil
LV= Managed Portfolio 5	none	nil	none	nil
LV= Managed Portfolio 6	none	nil	none	nil
LV= Managed Portfolio 7	none	nil	none	nil

Charges

Certain charges are levied to cover the operating costs of the ACD.

	Initial Charge	Annual Management Charge
Retail Shares	5%	1.0%
Second Retail Shares	4%	1.5%

An initial charge is levied when Retail Shares are created.

An annual management charge is also levied as a percentage of the Net Asset Value represented by relevant share class. In addition each Fund pays expenses for the professional services they receive - such as safe custody, audit, regulatory and fund management advice. These charges are deducted daily from the income of the Fund.

Accumulation

Revenue is accumulated by a transfer to the capital account of each Fund on the day following the record date, being the last day in each accounting period.

Reports

The simplified short report is sent to all shareholders on a half-yearly basis. The full long form report and accounts are available on request from Liverpool Victoria Portfolio Managers Limited, PO Box 10033, Chelmsford, CM99 2AL.

Taxation

The following is based on our understanding of current law and HM Revenue & Customs practice; changes can occur without warning. It does not describe the tax treatment of shareholders who are subject to special tax regimes or the detailed tax treatment of persons resident in other jurisdictions other than the UK. All shareholders are advised to consult their professional advisers as to their tax position. Overseas dividends are not subject to corporation tax from 1 July 2009 due to changes enacted in Finance Act 2009.

The Funds

Each Fund is treated as a separate open-ended investment company for United Kingdom tax purposes.

Funds may receive dividends in respect of investments in UK equities and dividend or interest distributions from UK collective investment schemes. The dividends and any part of the dividend distributions which relate to UK dividends are not subject to corporation tax in a Fund. Each Fund is liable to UK corporation tax at the current rate on any other types of income after deducting management expenses and charges. Where a Fund suffers foreign tax on income received, this may normally be deducted from the United Kingdom tax due on that income or treated as an expense.

Each Fund will pay any distributable income as dividend distributions (which will be automatically retained in a Fund in the case of accumulation shares) on each relevant distribution date.

The Funds are exempt from UK corporation tax on capital gains realised on the disposal of investments (including interest-paying securities and derivatives) held within them. In some cases, gains realised on non-UK investments can be subject to tax.

Individual Shareholders

Dividend distributions to UK resident individuals

Dividend distributions will be received by UK resident individual taxpayers with a 10% tax credit. Basic rate taxpayers will be liable to income tax on their dividend income at the rate of 10%. Therefore the 10% tax credit on dividend distributions will satisfy the liability to UK income tax of basic rate taxpayers. A basic rate taxpayer will have no further tax liability.

Shareholders liable to UK income tax at the higher or additional rate must account to HM Revenue & Customs for any further tax due on the gross amount of the income that is the distribution plus the tax credit.

Higher rate taxpayers will be liable to income tax on their grossed up dividend income of 32.5% but may offset the 10% tax credit against this liability. In other words, higher rate taxpayers will be liable to pay income tax equivalent to 25% of their net receipt. Additional rate taxpayers are subject to income tax on their grossed up dividend income at the rate of 42.5%, against which the tax credit can also be offset, therefore the income tax due will be equivalent to approximately 36% of the amount received.

Non-taxpayers may not reclaim the tax credits on dividend distributions paid.

Dividend distributions to non-UK resident individuals

Shareholders who are not resident in the UK will generally not be entitled to reclaim any part of the tax credit on a dividend distribution from HM Revenue & Customs although it will normally satisfy their UK tax liability on that income. They may also be able to offset the tax credit against their liability to tax in their own country. This will depend on their personal circumstances and the terms of any double taxation agreement between their country of residence and the UK, and is only likely to be the case where income is distributed, not accumulated.

Capital gains of UK resident individuals

Any gains arising on a disposal of shares by an individual shareholder who is resident or ordinarily resident in the UK are, depending on the shareholder's personal circumstances, subject to capital gains tax. Once an individual's aggregate chargeable gains for a tax year exceed the annual exempt amount for the year, the balance will be subject to capital gains tax at the applicable rate. Part of any increase in value of accumulation Shares represents accumulated income (including income equalisation). These amounts may be added to the acquisition cost when calculating the capital gain realised on their disposal. Individual Shareholders will find further information in the HM Revenue & Customs Help Sheets for the capital gains tax pages of their tax returns. It is possible to check HM Revenue and Customs up-to-date figures on Capital Gains Tax rates at www.hmrc.gov.uk

Exchange between Funds by UK resident individuals

An exchange of shares in one Fund for shares in any other Fund is treated as a redemption and issue and will for persons subject to UK taxation be a realisation for the purposes of capital gains tax.

Exchange between shares classes of the same Fund by UK resident individuals

An exchange of one class of shares in one Fund for another class of shares in the same Fund will not constitute a realisation for the purposes of capital gains tax.

Corporate shareholders

Dividend distributions to UK resident companies

UK resident corporate shareholders who receive dividend distributions (whether or not they are accumulated) may have to divide them into two (in which case the division will be indicated on the tax voucher). Any part representing dividends received from a UK company will be treated as dividend income (that is, franked investment income) and no further tax will be due on it. The remainder will be received as an annual payment after deduction of income tax at the basic rate, and corporate Shareholders may, depending on their circumstances, be liable to tax on the grossed up amount, with the benefit of the income tax credit attached or to reclaim part of the tax credit as shown on the tax voucher.

Dividend distributions to non-UK resident companies

Non-UK resident corporate shareholders resident in certain jurisdictions and directly or indirectly holding over 15% of the voting power in the Company may be entitled, on receipt of dividend distributions, to payment of a very small tax credit by HM Revenue & Customs under an applicable double taxation agreement. In other cases, no tax credit will generally be due to the non-UK resident company.

Capital gains of UK resident companies

Any gains (after taking account of any indexation relief) arising to UK resident corporate shareholders on disposal of their shares will be subject to corporation tax.

Exchange between Funds by UK resident companies

An exchange of shares in one Fund for shares in any other Fund is treated as a redemption and issue and will for persons subject to UK taxation be a realisation for the purposes of capital gains tax.

Exchange between share classes of the same Fund by UK resident companies

An exchange of one class of shares in one Fund for another class of shares in the same Fund will generally not constitute a realisation for the purposes of capital gains tax.

Non-Taxpayers

Individuals

Individual non-taxpayers (including ISA investors) cannot reclaim the tax credit on dividend distributions.

Pension funds

Pension Funds cannot reclaim the tax credit on dividend distributions.

Charities

Charities are not entitled to claim tax credits on dividend distributions.

ISAs

The tax credit on dividend distributions is no longer repayable to ISA holders.

Income Equalisation

Since each Fund operates equalisation, the first allocation made after the acquisition of Shares will include an amount of equalisation. This amount represents the ACD's best estimate of the income included in the price at which the Shares were acquired (subject to grouping where appropriate) and represents a capital repayment for UK tax purposes which should be deducted from the cost of the Shares in arriving at any capital gain realised on their subsequent disposal.

Stamp Duty Reserve Tax

Each Fund will be liable for stamp duty reserve tax on surrenders and certain other transfers of shares of the Funds. The cost of any SDRT which needs to be paid will be met out of the property of each Fund.

The SDRT System

SDRT arises on the surrender (i.e. the redemption or switching) and certain transfers of shares. The charge is 0.5% of the value of surrenders and transfers in each Fund each week reduced proportionately to the extent that during that week and the following week the:

- (a) investments held by the Fund are exempt assets that is, broadly, any assets other than UK equities and holdings in collective investment schemes (this will reduce the charge to nil where a Fund is invested entirely in exempt assets); and
- (b) purchases of shares are less by number than surrenders of shares.

With a view to protecting Shareholders from a resulting diminution in the value of Shares, an authorised corporate director of an OEIC is permitted to require the payment of an SDRT provision as an addition to (but not as part of) the price of Shares when they are issued or purchased, and as a deduction when they are cancelled or redeemed.

Surrender of Shares

The ACD has the discretion to charge the SDRT liability against the Scheme Property attributed to each Fund or Class, as appropriate or to charge an SDRT "provision" to incoming Shareholders and/or outgoing Shareholders by way of an entry or exit charge. The ACD will not retain any SDRT provision but will pay this into the property of the relevant Fund. The ACD also reserves the right to charge an SDRT provision to the transferee, in the case of third party transfers. The ACD's policy is to charge SDRT to the relevant Fund which means that it has not and does not expect to levy an SDRT provision.

Transfers of shares

Transfers of Shares from one Shareholder to another may be exempt from SDRT, depending on the circumstances. Shareholders transferring Shares should complete a stock transfer form and provide evidence of an exemption from SDRT with the transfer. In other cases, where SDRT applies to the transfer the ACD has decided that any SDRT triggered will be paid by the Fund.

Frequency of SDRT provision

The ACD's policy to charge SDRT to the relevant Fund in all cases means that it has not and does not expect to levy an SDRT provision.

Prospectus

Further details concerning the Funds are contained in the Simplified Prospectus or Full Prospectus, which is available on request from the ACD.

Application for Shares

Your first investment into the Company can be made by completing our standard application form, by telephone, or via our online application form on our website www.LVAM.co.uk. You can make additional investments by letter, telephone or online provided you include your full name and investment details for registration purposes. All written applications should be sent to our administration address, Liverpool Victoria Portfolio Managers Limited, PO Box 10033, Chelmsford, CM99 2AL. Applications will only become effective when they are received at this address.

Buying and selling shares - shares are bought or sold on your behalf in the Company on a forward pricing basis. This means, if we receive your full instructions in writing to invest, switch or cash in money before 2 p.m. on a business day, you will get the share price calculated that day. If we receive your instructions after 2 p.m. or on days which are not business days, you will get the price calculated on the next business day.

