

**UNAUDITED HALF-YEARLY
REPORT AND
ACCOUNTS OF THE
LV= UK PROPERTY
FUND**

30 June 2011



LIVERPOOL VICTORIA

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Company Information

The Company

LV= UK Property Fund 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
P.W Moore
R.A Rowney
A.R.M Brown (Appointed June 2011)
P.A.C Hillier (Appointed June 2011)

The Investment Manager

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

The Independent Valuer

BNP Paribas Real Estate (formerly AtisReal Limited)
Address: 90 Chancery Lane, London, WC2A 1EU

Property Manager

Montagu Evans LLP
Address: Clarges House, 6-12 Clarges Street, London, W1J 8HB

The Depositary

J.P Morgan Trustee and Depositary Company Limited
Address: Chaseside, Bournemouth, BH7 7DA

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 June 2011.

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.

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 IC577, and authorised and regulated with effect from 22 August 2007 by the Financial Services Authority (FSA), register number 470989.

Shareholders are not liable for the debts of the Company.

P.B Cassidy
Company Secretary
August 2011

Fund Manager's Report

Performance Review

During the rolling 12 month period up to 30 June 2011 LV= UK Property Fund (Retail Share Class) has delivered a return of 2.84% against the IMA average return of 14.08%. The Performance Table on page 2 shows the returns of all share classes against the IMA sector.

The IMA Property Sector is diverse in its composition. As well as direct "bricks and mortar" property like LV= UK Property Fund, it also contains property securities Funds which, in the 12 months to 30 June 2011, have benefited from the rising equity markets. This helps to explain LV= UK Property Fund's relative underperformance against the sector.

The Fund's return has been enhanced through active management. This includes the re-letting of an industrial unit in Crawley, the negotiation of terms for the letting of a retail property in Nottingham and advanced negotiations to re-gear the lease terms of a retail warehouse unit in Suffolk. The new cash in the Fund has been invested into quality properties in keeping with the Fund's philosophy.

The Fund remains well-positioned, with no voids (i.e. properties with no tenant) and an average unexpired lease term of 7.6 years.

The Fund is now valued at £100.2m and is comprised of:

| | |
|-----------------|-------|
| direct property | 74.9% |
| equities | 13.4% |
| bonds | 4.1% |
| and cash | 7.6% |

The direct property portfolio has:

| | |
|---------------------|-------|
| High Street Retail: | 51.0% |
| Retail Warehouse: | 19.8% |
| Industrial: | 12.9% |
| Car Showroom: | 9.0% |
| Office: | 7.3% |

Terms have been agreed to acquire another direct property which will further reduce the cash weighting in the Fund. This will increase exposure to industrial property in the portfolio and increase the average income return to the portfolio.

The balance of evidence suggests that the commercial property market is neither glaringly expensive nor obviously cheap. Yields remain above their ten-year average, remaining high relative to bonds and equities; void rates and market rents are showing stability; and outside central London the development pipeline in practically all markets has ground to a halt.

Generally, the fundamentals of the property market look to be in good shape and we think that Property yields are more likely to stabilise than to rise in the short term. In fact the recent solid performance of the real estate equity market suggests that property capital values may even continue to edge higher over the next few quarters. In addition, the weight of new money targeting the UK property market should also lead to yields remaining steady in 2011.

With the recovery in rental values remaining fragile at present, re-pricing is still the main source of growth, indicating the extent to which returns are principally determined by underlying investor sentiment. It does appear that the recovery period, which began two years ago, has run out of steam, with returns having ebbed away in the past nine months. Values are still rising and yields are still falling but at much reduced rates.

Over the course of 2011, a year of divergent property performance among the different grades of property looks likely, resulting in further gains in values at the prime end of the market and capital value reductions for secondary and tertiary property. Accordingly, values are likely to remain broadly flat overall throughout 2011 with investors seeing positive returns of around 6% coming from income for the year.

In 2012 we anticipate the improvement in prime rental values will lead to modest capital growth providing total returns of approximately 8.5%.

Howard Meaney,
Head of UK Property

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

Fund Objective and Policy

The investment objective of the Company is to achieve long-term capital growth and income primarily through direct investment in, or exposure to, UK commercial property. The investment policy of the Company is to invest in UK commercial properties (including shops, offices, retail warehouses, leisure and industrial units), as favourable investment opportunities arise.

The Company may also invest in property related securities, regulated and unregulated collective investment schemes, debt instruments, and other transferable securities to gain exposure to the UK and other property markets. In addition, the Company may invest in money market instruments, deposits, and cash and near cash.

The choice of investment markets will be influenced by fundamental market characteristics such as liquidity, transparency, taxation policies, legal and lease structures, and by the relative value given market pricing and long term growth prospects. Except in exceptional circumstances, the ACD does not expect more than 80% of the Company's assets to be invested directly in property. Derivatives and Forwards transactions may be used for investment purposes and the purposes of Efficient Portfolio Management and hedging.

Fund Facts

Fund Accounting and Distribution

| Accounting Dates | Payment Dates |
|------------------|---------------|
| 31 December | 30 April |
| 30 June | 31 August |

Total Expense Ratio (TER)

| | 30 June 2011* (%) | 31 December 2010 (%) |
|-----------------------------------|----------------------|-------------------------|
| Retail Accumulation Shares | 1.16 | 1.19 |
| Second Retail Accumulation Shares | 1.66 | 1.69 |
| Second Retail Income Shares | 1.66 | 1.69 |
| Institutional Accumulation Shares | 0.76 | 0.79 |
| Institutional Income Shares | 0.76 | 0.79** |

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

** The Institutional Income Share Class launched in 2010 and the expenses have been annualised to reflect a comparable ratio.

Property Expense Ratio (PER)

| | 30 June 2011 (%) | 31 December 2010 (%) |
|-----------------------------------|---------------------|-------------------------|
| Retail Accumulation Shares | 0.39 | 0.23 |
| Second Retail Accumulation Shares | 0.39 | 0.23 |
| Second Retail Income Shares | 0.39 | 0.23 |
| Institutional Accumulation Shares | 0.39 | 0.23 |
| Institutional Income Shares | 0.39 | 0.23 |

A property expense ratio (PER) is shown which takes into account expenses that are associated with the day to day maintenance of the property assets and excludes costs associated with operating the Fund.

LV= UK Property Fund *(continued)*

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

| Performance Table (%) | | | | | |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-----------------|
| Fund Name and Share Class | 01.07.10 to 30.06.11 | 01.07.09 to 30.06.10 | 01.07.08 to 30.06.09 | 01.07.07 to 30.06.08 | Since Launch |
| LV= UK Property Fund Retail Accumulation Share Class | 2.84 | 13.92 | -13.98 | n/a | -3.92 |
| LV= UK Property Fund Second Retail Accumulation Share Class | 3.61 | 12.39 | n/a | n/a | 16.57 |
| LV= UK Property Fund Second Retail Income Share Class | 3.23 | n/a | n/a | n/a | 10.35 |
| LV= UK Property Fund Institutional Accumulation Share Class | 3.15 | 14.27 | -13.78 | n/a | -2.97 |
| LV= UK Property Fund Institutional Income Share Class | 3.23 | n/a | n/a | n/a | 3.03 |
| IMA Property Sector | 14.08 | 20.67 | -27.47 | -21.81 | n/a |

n/a: data is not available for this period

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

| Net Asset Values (NAV) | | | | |
|---------------------------|--|------------|------------------------|------------------------------|
| As at | Share Class | NAV | NAV pence per share | Number of shares in issue |
| 30 June 2011 ¹ | Retail Accumulation Shares | 783,011 | 95.99 | 815,727 |
| 31 December 2010 | Retail Accumulation Shares | 747,537 | 92.87 | 804,942 |
| 31 December 2009 | Retail Accumulation Shares | 134,127 | 89.40 | 150,029 |
| 31 December 2008 | Retail Accumulation Shares ² | 4,333 | 86.66 | 5,000 |
| 30 June 2011 ¹ | Second Retail Accumulation Shares | 4,135,693 | 116.34 | 3,554,917 |
| 31 December 2010 | Second Retail Accumulation Shares | 3,972,975 | 112.77 | 3,522,977 |
| 31 December 2009 | Second Retail Accumulation Shares ³ | 1,009,089 | 109.01 | 925,691 |
| 30 June 2011 ¹ | Second Retail Income Shares | 873,071 | 103.74 | 841,566 |
| 31 December 2010 | Second Retail Income Shares | 541,834 | 101.44 | 534,157 |
| 31 December 2009 | Second Retail Income Shares ⁴ | 1,034 | 103.40 | 1,000 |
| 30 June 2011 ¹ | Institutional Accumulation Shares | 94,133,251 | 96.97 | 97,071,580 |
| 31 December 2010 | Institutional Accumulation Shares | 87,835,954 | 93.65 | 93,787,541 |
| 31 December 2009 | Institutional Accumulation Shares | 71,515,663 | 89.88 | 79,568,264 |
| 31 December 2008 | Institutional Accumulation Shares ⁵ | 28,196,516 | 86.84 | 32,469,070 |
| 30 June 2011 ¹ | Institutional Income Shares | 280,181 | 98.77 | 283,665 |
| 31 December 2010 | Institutional Income Shares ⁶ | 61,791 | 97.27 | 63,528 |

LV= UK Property Fund *(continued)*

| Share Price Range | | | |
|---------------------------|--|------------------------------------|---------------------------------|
| Year to | Share Class | Highest offer (pence) ⁺ | Lowest bid (pence) ⁺ |
| 30 June 2011 ¹ | Retail Accumulation Shares | 105.10 | 93.44 |
| 31 December 2010 | Retail Accumulation Shares | 103.00 | 89.87 |
| 31 December 2009 | Retail Accumulation Shares | 88.78 | 81.68 |
| 31 December 2008 | Retail Accumulation Shares | 98.53 | 88.55 |
| 31 December 2007 | Retail Accumulation Shares ² | 100.75 | 98.17 |
| 30 June 2011 ¹ | Second Retail Accumulation Shares | 126.20 | 113.30 |
| 31 December 2010 | Second Retail Accumulation Shares | 124.10 | 109.57 |
| 31 December 2009 | Second Retail Accumulation Shares ³ | 106.07 | 99.74 |
| 30 June 2011 ¹ | Second Retail Income Shares | 114.80 | 103.10 |
| 31 December 2010 | Second Retail Income Shares | 117.50 | 103.89 |
| 31 December 2009 | Second Retail Income Shares ⁴ | 100.55 | 100.00 |
| 30 June 2011 ¹ | Institutional Accumulation Shares | 106.20 | 94.35 |
| 31 December 2010 | Institutional Accumulation Shares | 103.7 | 90.35 |
| 31 December 2009 | Institutional Accumulation Shares | 88.97 | 81.99 |
| 31 December 2008 | Institutional Accumulation Shares | 98.55 | 88.72 |
| 31 December 2007 | Institutional Accumulation Shares ⁵ | 100.74 | 98.17 |
| 30 June 2011 ¹ | Institutional Income Shares | 110.40 | 97.99 |
| 31 December 2010 | Institutional Income Shares ⁶ | 109.80 | 101.90 |

⁺ From 1 March 2010 the Fund moved to dual pricing. Prior to this date the Fund valued on a single price basis.

| Distribution History | | | |
|---------------------------|--|-----------------|-----------------------------------|
| Year to | Share Class | Pence per Share | Per £1,000 invested at launch (£) |
| 30 June 2011 ¹ | Retail Accumulation Shares | 1.8636 | 18.64 |
| 31 December 2010 | Retail Accumulation Shares | 3.6452 | 36.45 |
| 31 December 2009 | Retail Accumulation Shares | 2.3557 | 23.56 |
| 31 December 2008 | Retail Accumulation Shares ² | 4.3440 | 43.44 |
| 30 June 2011 ¹ | Second Retail Accumulation Shares | 2.2644 | 22.64 |
| 31 December 2010 | Second Retail Accumulation Shares | 4.3547 | 43.55 |
| 31 December 2009 | Second Retail Accumulation Shares ³ | 1.5375 | 15.38 |
| 30 June 2011 ¹ | Second Retail Income Shares | 2.0461 | 20.46 |
| 31 December 2010 | Second Retail Income Shares | 4.1790 | 41.79 |
| 31 December 2009 | Second Retail Income Shares ⁴ | - | - |
| 30 June 2011 ¹ | Institutional Accumulation Shares | 1.8817 | 18.82 |
| 31 December 2010 | Institutional Accumulation Shares | 3.7004 | 37.00 |
| 31 December 2009 | Institutional Accumulation Shares | 2.6299 | 26.30 |
| 31 December 2008 | Institutional Accumulation Shares ⁵ | 4.5448 | 45.45 |
| 30 June 2011 ¹ | Institutional Income Shares | 1.9542 | 19.54 |
| 31 December 2010 | Institutional Income Shares ⁶ | 1.9591 | 19.59 |

Notes to Performance Tables

¹ 6 months from 1 January 2011.

² Retail Accumulation Share Class launched 7 September 2007.

³ Second Retail Accumulation Share Class launched 12 June 2009.

⁴ Second Retail Income Share Class launched 15 December 2009.

⁵ Institutional Accumulation Share Class launched 7 September 2007.

⁶ Institutional Income Share Class launched 29 June 2010.

LV= UK Property Fund *(continued)*

| Portfolio Statement | | | |
|--------------------------------|---|-----------------------|-----------------------|
| As at 30 June 2011 (unaudited) | | | |
| Holding or Nominal value | | Market Value £'000 | % of Total Net Assets |
| | Direct Property - 74.90% (73.81%)* | | |
| | 9-10 Broad Street, Reading | 3,450 | 3.44 |
| | 114-115 Broad Street, Reading | 3,800 | 3.79 |
| | 19 Buckingham Gate, London | 5,475 | 5.46 |
| | 3 Cathedral Square, Peterborough | 2,700 | 2.70 |
| | 31 Commercial Street, Leeds | 2,075 | 2.07 |
| | Edgware Road, London | 6,800 | 6.79 |
| | Heathcote Way, Leamington Spa | 3,871 | 3.86 |
| | 123-125 High Road, Ilford | 2,250 | 2.25 |
| | 35-36 High Street, Worcester | 3,450 | 3.44 |
| | 53-54 High Street, Worcester | 5,200 | 5.19 |
| | 28-30 Lister Gate, Nottingham | 2,550 | 2.54 |
| | Lyons Farm, Worthing | 8,200 | 8.18 |
| | Manor Gate, Manor Royal, Crawley | 5,780 | 5.77 |
| | 93-94 Pydar Street, Truro | 6,800 | 6.79 |
| | **46 Risbygate Street, Bury St. Edmunds | 6,650 | 6.64 |
| | 109-113 Sauchiehall Street, Glasgow | 1,450 | 1.45 |
| | 115 Sauchiehall Street, Glasgow | 1,200 | 1.20 |
| | 30-31 Western Road, Brighton | 3,350 | 3.34 |
| | | 75,051 | 74.90 |
| | Indirect Property - 17.49% (16.61%)* | | |
| | Financials - 13.37% (12.20%)* | | |
| 112,605 | Berkeley Group 'B' | 1,446 | 1.44 |
| 434,661 | British Land | 2,625 | 2.62 |
| 697,169 | Great Portland Estates | 3,031 | 3.02 |
| 209,533 | Hammerson | 995 | 0.99 |
| 587,370 | iShares II UK Property | 2,601 | 2.60 |
| 401,266 | London & Stamford Property | 520 | 0.52 |
| 431,818 | Metric Property Investments | 461 | 0.46 |
| 325,807 | Shaftesbury | 1,724 | 1.72 |
| | | 13,403 | 13.37 |
| | Corporate Bond - 4.12% (4.41%)* | | |
| £1,000,000 | Delamare 5.5457% 2029 | 1,052 | 1.05 |
| £750,000 | Hammerson 6.875% 2020 | 829 | 0.83 |
| £724,433 | Meadowhall Finance 'A1' 4.986% 2037 | 735 | 0.73 |
| £700,000 | Segro 6.75% 2021 | 762 | 0.76 |
| £748,907 | Tesco Property Finance 5.744% 2040 | 751 | 0.75 |
| | | 4,129 | 4.12 |
| | Market value of investments | 92,583 | 92.39 |
| | Net other assets | 7,622 | 7.61 |
| | Net assets | 100,205 | 100.00 |

All indirect property investments are admitted to official stock exchange listings unless otherwise stated.

Unless otherwise stated, all direct properties are freehold or feuhold.

The valuation of the properties is reduced by the total of the unamortised capital contributions and any lease incentives in place at the time.

* The comparative percentage figures in brackets are at 31 December 2010.

** Bought in 2011.

LV= UK Property Fund *(continued)*

Statement of Total Return

| For the six months ended 30 June 2011 (unaudited) | 30/06/11 £ '000 | 30/06/10 £ '000 |
|---|--------------------|--------------------|
| Income | | |
| Net capital gains | 1,668 | 2,165 |
| Revenue | 2,473 | 2,091 |
| Expenses | (631) | (376) |
| Finance costs: interest | - | - |
| Net revenue before taxation | 1,842 | 1,715 |
| Taxation | (359) | (324) |
| Net revenue after taxation | 1,483 | 1,391 |
| Total return before distributions | 3,151 | 3,556 |
| Finance costs: distributions | (1,935) | (1,595) |
| Change in net assets attributable to shareholders from investment activities | 1,216 | 1,961 |

Statement of Change in Net Assets Attributable to Shareholders

| For the six months ended 30 June 2011 (unaudited) | 30/06/11 £ '000 | 30/06/10 £ '000 |
|--|--------------------|--------------------|
| Opening net assets attributable to shareholders | 93,160 | 72,660 |
| Amounts receivable on creation of shares | 15,218 | 8,768 |
| Less: Amounts payable on cancellation of shares | (11,300) | (710) |
| | 3,918 | 8,058 |
| Stamp duty reserve tax | (11) | (36) |
| Change in net assets attributable to shareholders from investment activities (see above) | 1,216 | 1,961 |
| Retained distribution on accumulation shares | 1,922 | 1,661 |
| Closing net assets attributable to shareholders | 100,205 | 84,304 |

The Statement of Recommended Practice (2010) requires that comparatives are shown for the above report. As the comparative should be for the comparable interim period, the Net Asset value at the end of the previous period will not agree to the Net Asset value at the start of this period. The published Net Asset value as at 31 December 2010 was £93,160,091.

LV= UK Property Fund *(continued)*

Cash Flow Statement

| For the six months ended 30 June 2011 (unaudited) | 30/06/11 £ '000 | 30/06/10 £ '000 |
|--|----------------------------|----------------------------|
| Net cash inflow from operating activities | 1,717 | 1,701 |
| Income distributions | (12) | - |
| Capital expenditure and financial investments: | | |
| Purchase of investments | (7,029) | (4,045) |
| Expenses paid from capital | (2) | (36) |
| Disposal of investments | 11 | - |
| | (7,020) | (4,081) |
| Financing: | | |
| Amounts received on creation of shares | 15,632 | 8,574 |
| Amounts paid on cancellation of shares | (11,525) | (717) |
| | 4,107 | 7,857 |
| (Decrease)/Increase in cash in the period | (1,208) | 5,477 |

Reconciliation of net revenue to cash inflow from operating activities:

| | 30/06/11 £ '000 | 30/06/10 £ '000 |
|--|----------------------------|----------------------------|
| Net revenue before taxation | 1,842 | 1,715 |
| (Increase) in debtors | (29) | (77) |
| (Decrease)/Increase in creditors | (96) | 63 |
| Net cash inflow from operating activities | 1,717 | 1,701 |

Balance Sheet

| As at 30 June 2011 | 30/06/11 £ '000 | 31/12/10 £ '000 |
|--|----------------------------------|----------------------------------|
| Assets | | |
| Investment assets | 92,583 | 84,237 |
| Debtors | 631 | 564 |
| Cash and bank balances | 9,043 | 10,251 |
| Total other assets | 9,674 | 10,815 |
| Total assets | 102,257 | 95,052 |
| Liabilities | | |
| Creditors | (2,029) | (1,880) |
| Distribution payable on income shares | (23) | (12) |
| Total liabilities | (2,052) | (1,892) |
| Net assets attributable to shareholders | 100,205 | 93,160 |

Notes to the Aggregated Financial Statements

Accounting Policies

The interim financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice (SORP) for Authorised Funds issued by the Investment Management Association (IMA) in October 2010.

All other accounting policies applied are consistent with those of the annual financial statements for the period ended 31 December 2010 and are described in those financial statements.

Authorised Corporate Director's Statement

We hereby approve the Report and Financial Statements of LV= UK Property Fund ICVC for the period ended 30 June 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.

P.W Moore
Director
August 2011

A.L Roughead
Managing Director
August 2011

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 |
| Institutional Shares | - | £500,000 | £100,000 | £100,000 |

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. The shares will be purchased from the shareholder at the next valuation point and a contract note confirming the sale will be sent.

Dilution

Where a fund buys or sells underlying investments in response to a request for the issue or redemption of shares, it will generally incur a cost, made up of dealing costs and any spread between the bid and offer prices of the investments concerned, which is not reflected in the issue or redemption price paid by or to the shareholder and which is referred to as dilution. With a view to reducing this cost the ACD is entitled to require payment of a 'dilution levy' of up to 1% to be added to the sale price or deducted from the redemption price of shares as appropriate. As dilution is directly related to the inflows and outflows of monies from a fund it is not possible to accurately predict whether dilution will occur at any future point in time. Consequently it is also not possible to accurately predict how frequently the ACD will need to make such a dilution levy.

Stamp Duty Reserve Tax (SDRT)

The liability for payment of this duty lies with the Company. The regulations that govern Open-Ended Investment Companies permit this duty to be paid from the property of the Fund. Accordingly, SDRT will generally be charged as an expense to the capital account of the Fund. The regulations also allow for the ACD to levy an additional charge (called an SDRT provision) against the individual purchase and sale of shares. An SDRT provision would, if imposed, increase the cost of buying shares and lessen the proceeds of sales by the investor up to a maximum of 0.5%. It is not the ACD's intention generally to levy an SDRT provision, but the ACD reserves the right to do so in the following circumstances:

- (a) On unusually large deals whether single or aggregate (for example, purchases or redemptions of shares for more than 2% of the size of the Fund); or
- (b) In any other case where the ACD is of the opinion that the interests of shareholders require the imposition of an SDRT provision.

As an SDRT charge is directly related to the inflows and outflows of monies from the Fund it is not possible to accurately predict whether an SDRT charge will occur at any future point in time. Consequently it is also not possible to accurately predict how frequently the ACD will need to make such an SDRT provision.

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% |
| Institutional Shares | 5% | 0.6% |

An initial charge may be levied when Retail Shares or Institutional Shares are created, all or part of which may be waived at the discretion of the ACD.

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

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 tax payers 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.

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

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 must be made using 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. Applications and additional investments can only be made by post to Liverpool Victoria Portfolio Managers Limited, PO Box 10033, Chelmsford, CM99 2AL. Applications will only be effective when they are received by us at the administration address above.

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. After 2 p.m. or on days which are not business days, you will get the price calculated on the next business day.

