

LV= INVESTMENT FUNDS III ICVC

Simplified Prospectus
as at 1 July 2009



CONTENTS

1. Introduction	3
2. Fund information	4
3. Risk factors	5
4. Investing	6
5. Economic information	8
6. Taxation	12
7. Additional information	13
8. Directory	14

We are able to provide literature and communications in the following alternative formats: Braille and large print. Should you require this document in either of these formats please contact us.

1.

INTRODUCTION

This Simplified Prospectus contains key information in relation to LV= Investment Funds III (the “Company”), an open-ended investment company with variable capital incorporated in England and Wales on 23 July 2008 with registered number IC678.

The Company is authorised and regulated by the Financial Services Authority (the “FSA”). The registered office of the Company is at County Gates, Bournemouth, Dorset BH1 2NF. The Company is classified as a non-UCITS retail scheme (“NURS”) under the rules of the FSA.

Liverpool Victoria Portfolio Managers Limited is the authorised corporate director of the Company (the “ACD”). The ACD is authorised and regulated by the FSA. The ACD is entered on the FSA’s register, with entry number 188521.

The Company is structured as an umbrella company in that different sub-funds may be established from time to time by the ACD with the approval of the FSA. The Company currently has the following sub-funds:

LV= Diversified Income Fund
LV= Managed Portfolio 4
LV= Managed Portfolio 5
LV= Managed Portfolio 6
LV= Managed Portfolio 7

(each a “Fund” and together the “Funds”).

The Funds may issue Retail Shares and Second Retail Shares. **Please note that this Simplified Prospectus refers to the Retail Shares only and reference to “Shares” in this document means “Retail Shares”.**

We are required by the FSA, to categorise our customers to determine the level of protection they will receive. If you invest in Retail Shares of the Company on the basis of this Simplified Prospectus we will treat you as a retail client. This category gives you the highest level of protection available under FSA rules.

Further information on Second Retail Shares and on the Funds generally, is available in the full Prospectus (the “Prospectus”) of the Company, a copy of which is available on request from the ACD by calling **0845 113 0273**, 8.00am to 6.00pm Monday to Friday. To help us to improve our customer service, calls may be monitored and/or recorded.

Potential investors are advised to read the Prospectus before making an investment decision. The rights and duties of the investor as well as the legal relationship with the Company are laid down in the Prospectus.

This Simplified Prospectus explains the basis on which the ACD will provide certain services to you if/when you make an order to buy, sell or switch your Shares in the Company. Together with the application form and the full prospectus relating to the Company, this Simplified Prospectus is a written agreement between you and the ACD for that purpose. You should therefore read the Simplified Prospectus in full and ensure that you keep it.

Such services are provided to you on an execution only basis. In other words, we will carry out your instructions to subscribe for, redeem or switch Shares in the Company. We will not offer or give any advice on the merits of your instructions. If you are in any doubt you should consult a financial adviser.

There is no minimum duration for your agreement with us. The information contained in this Simplified Prospectus is valid as at **1 July 2009** and shall remain so until such time as this document is replaced, amended or updated. Before relying on any of the information contained in this document, you should check with the ACD that this is the most recently published Simplified Prospectus relating to the Company.

You have the right to terminate your agreement with us at any time by selling your Shares in the Company. Please see the section headed “**How do I sell my Shares?**” for details.

We may vary the terms of our agreement with you at any time. We reserve the right to vary these terms without notice if required to do so by a change in the FSA Handbook of Rules and Guidance (the “FSA Rules”) or applicable law or if less notice is required to be given under the FSA Rules, but provided we notify you in writing as soon as practicable thereafter of any material changes. Provided we are not required by the FSA Rules to obtain the consent of shareholders, we can also make changes to these terms which are necessary as a result of the changes to the Company or the Fund(s) without obtaining your consent.

If you object to any variations proposed to be made to these terms, you have the right to end this agreement at any time by selling your Shares.

Liverpool Victoria Asset Management Limited is the investment manager of the Company (the “Investment Manager”). The Investment Manager is authorised and regulated by the FSA. The Investment Manager is entered on the FSA’s register, with entry number 185399.

FUND INFORMATION

What are the objectives of the LV= Investment Funds III ICVC?

The Company aims to provide investors with the opportunity of income and capital growth over the medium to long term.

The Company has a range of separate Funds, each with its own investment objective. These are described and explained in more detail below.

There is no guarantee that these objectives will be achieved.

What Funds are available?

The Funds in the Company currently available are:

- LV= Diversified Income Fund**
- LV= Managed Portfolio 4**
- LV= Managed Portfolio 5**
- LV= Managed Portfolio 6**
- LV= Managed Portfolio 7**

What are the investment objectives and policies of the Funds?

The Funds will have their assets invested in accordance with the investment objectives and policies as detailed below:

LV= Diversified Income Fund

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.

LV= Managed Portfolio 4

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.

LV= Managed Portfolio 5

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.

LV= Managed Portfolio 6

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.

LV= Managed Portfolio 7

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.

In pursuit of these objectives and in addition to the individual investment policies of each Fund set out above, each Fund may also invest 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.

Can the Funds use financial derivatives?

The Funds may use derivatives only for the purposes of efficient portfolio management, where they are not likely to increase the risk profile of the fund.

Efficient portfolio management is the use of techniques and instruments which relate to transferable securities and approved money-market instruments and which fulfil the following criteria:

- (a) they are economically appropriate in that they are realised in a cost effective way; and
- (b) they are entered into for one or more of the following specific aims:
 - (i) reduction of risk;
 - (ii) reduction of cost;
 - (iii) generation of additional capital or income for the scheme with a risk level which is consistent with the risk profile of the scheme and the risk diversification rules laid down in the FSA's Collective Investment Schemes Sourcebook, which forms part of the FSA Rules.

Derivatives may be used for investment purposes on not less than 60 days' notice to investors. It is not currently intended that any of the Funds will use derivatives for investment purposes.

3.

RISK FACTORS

What type of investors are the Funds designed for?

LV= Diversified Income Fund is designed for an investor whose primary objective is to receive income along with potential to grow capital over the longer term.

The Managed Portfolio Funds aim to provide capital growth opportunities for investors with different attitudes to risk ("risk profiles"). The Company aims to cater for those with a relatively low risk profile via the LV= Managed Portfolio 4 Fund, and cater for those with progressively higher risk profiles through to the LV= Managed Portfolio 7 Fund. There is no guarantee that these aims will be met.

LV= Managed Portfolio 4 is designed for an investor who wants a relatively stable return and is prepared to accept some risk to capital. This fund is invested in fixed interest fund and has some equity exposure.

LV= Managed Portfolio 5 is designed for an investor who wants a relatively stable return but is prepared to accept more risk to capital. This fund invests in fixed interest funds and has more exposure to equities than the LV=Managed Portfolio 4 fund.

LV= Managed Portfolio 6 is designed for an investor who is prepared to be fully exposed to the risk of stock markets through a diverse portfolio spread across different asset types and markets.

LV= Managed Portfolio 7 is designed for an investor who is prepared to take more risk in order to improve the opportunity for growth. This fund is mainly invested in equities.

Are the Funds managed with regard to specific targets or benchmarks, such as a stock market index?

The LV= Diversified Income Fund is managed with the aim of generating a relatively high level of income. The level that can be achieved will depend in part on market conditions, including interest rates and other economic factors. No specific target or benchmarks apply.

The Managed Portfolio Funds are managed with reference to the risk profiles of each fund, not to a specific target or benchmark.

There are a number of risks associated with any investment and these risks remain, even if you fit a certain risk profile. You are recommended to always seek professional advice before making an investment in any investment fund.

What risks are there with this type of investment?

There are a number of risks that you should be aware of before investing:

- As with most investments linked to financial markets, because an entire market or asset type can fall in value, the value of your investment and any income from it may fall as well as rise. There are also risks that the issuer of credit instruments, such as bonds, may default and so fail to meet their liabilities.
- Although the Company will invest in a broad range of asset classes and markets to offset these risks, you may not get back the amount you invested. Therefore, you should view this investment as medium to long term, and should plan to keep it for at least five years.
- As with all investments, remember, past returns are not a guide to future performance.
- Unless the performance of the Fund meets or exceeds the rate of inflation, the real value of any investment will reduce.
- The Fund may invest in overseas assets which are priced in foreign currencies. In these circumstances, changes in the exchange rate between UK sterling and the foreign currency alone may cause the Fund value to rise or fall.
- The Fund may invest in other investment funds ("Target Funds") which have their own investment objectives and policies. There is no guarantee that the Target Funds will achieve such objectives.
- The tax treatment of the Funds may change and cannot be foreseen.
- For the Diversified Income Fund, annual fund management charges are taken from the capital of the Fund. This may have the effect of limiting future capital growth or eroding capital if there is insufficient growth in the value of investments.
- For the Managed Portfolio Funds, annual fund management charges are taken from income. However, if there is insufficient income to meet such charges, any short fall will be taken from the capital of the Fund and this may have the effect of limiting future capital growth.
- An Initial Charge is applied when you invest in the Fund and you should be aware that this will have the effect of reducing your capital. For this reason, an investment should not be regarded as a short-term arrangement.

A more detailed description of the risks involved with an investment in the fund can be found in the Full Prospectus.

4.

INVESTING BUYING SHARES

How can I invest in the Fund?

To buy shares, contact your financial adviser, complete the relevant Application Form enclosed with this document, call us or write to us at any time.

You can make additional investments by letter or phone, provided you include your full name and investment details for registration purposes.

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

Applications will not be acknowledged by letter but a contract note will be sent to you confirming the details of your investment.

What happens to the money I invest?

The money you invest buys shares of the Company in the fund(s) of your choice specified on your Application Form. The number of shares you receive depends on the amount you invest and the price of the shares at that time. The share price may go up or down depending on the value of the investments in the Fund.

Further information on the process of buying and selling shares in the Company can be found in the Prospectus and in the Application Form.

How much money may I invest in the Funds?

The minimum initial lump sum investment in any Fund is £1,000 and the minimum additional investment is £500.

A regular savings plan is available in each Fund with a minimum initial and subsequent investment of £100 per month.

The regular savings plan is also open to those who have invested a lump sum.

There is no maximum investment amount.

Can I invest jointly with someone else?

Yes. Joint investors can enclose separate cheques from their own bank accounts, or one cheque from a bank account in one or more of their names – all cheques must be received by us before the investment can start. Shares will be issued in the joint names of all investors, but investment correspondence will be sent only to the first investor named on the application form.

Please note, ISA investments cannot be held in joint names.

Can I change my mind?

If you have received advice from a qualified financial adviser before investing in the Company then you have the right to cancel. We will send you a Right of Cancellation Notice when your investment starts and you then have 14 days after receiving the Notice to decide. This applies when you:

- invest in the Company for the first time, either as a lump sum or in regular savings plan
- make any future lump sum investments

If you are happy with your investment you do not need to do anything.

If you do change your mind within those 14 days, you can cancel your investment by completing and returning the Right of Cancellation Notice form to us.

We will sell your shares at the next Dealing price, following receipt of your request. Please note, if the price of shares has gone down since you made the investment the refund you will receive will be less than you paid, but in any event you will receive a refund of the Initial Charge taken from your investment.

For joint investments, the cancellation notice will be sent to the 1st investor named on the application form, but any one investor may sign to cancel the whole investment (i.e. not all signatures are required).

Can I switch between Funds?

You may switch shares from Fund of the Company to another Fund. You may also be able to switch to another LV= Company.

However, you will not be able to switch where:

- the value of the Shares to be switched is less than the minimum permitted transaction or it would result in you holding less than the minimum holding for any particular Fund.
- we are permitted by the FSA Regulations to decline your request.

On a switch you may be charged up to 2% of the price (before application of any dilution levy or SDRT provision) of the Shares being exchanged.

If you wish to switch please contact your financial adviser or phone us on 0845 113 0273 for details

Will I receive an income from my investment in the Funds?

Yes. You may choose either for the income to be paid directly into your nominated bank account or for the income to be re-invested to buy more shares in the Fund.

The LV= Diversified Income Fund pays income quarterly on 17 February; 17 May; 17 August and 17 November.

The LV= Managed Portfolio Funds pay income half-yearly on 17 May and 17 November.

To qualify for an income payment you must be the holder of Shares in the Fund at the end of the preceding calendar quarter. For example, if you hold shares in the Diversified Income Fund on 30 September 2009, you will qualify for the payment made on 17 November 2009.

Remember, the annual management charges of the Managed Portfolio Funds are taken from income, and sometimes there might not be enough left to make an income payment.

4.

INVESTING SELLING SHARES

How do I sell my Shares?

Investors are entitled on any dealing day to redeem their shares in the Funds.

Instructions to sell Shares may only be made by written instructions to the ACD by letter sent to Liverpool Victoria Portfolio Managers Limited, PO Box 10033, Chelmsford, CM99 2AL or through your financial adviser. Requests will only be effective when they are received by us at the administration address above.

You can cash in your investment, or take withdrawals of £500 or more, at any time, but if you are not withdrawing all of your investment, the balance remaining must be at least £500.

A contract note will be sent to you confirming the details of the sale of your shares.

The sale proceeds will normally be paid to you four business days after the Shares are sold.

Suspension of dealings in Shares

Investors are reminded that in certain circumstances their right to redeem Shares may be suspended, preventing you from cashing in your investment. A suspension may occur where the Depositary is of the opinion that due to exceptional circumstances there is good and sufficient reason in the interests of shareholders or potential shareholders.

Further information on the process of buying and selling shares in the Company can be found in the Prospectus and in the Application Form.

4.

INVESTING MONITORING MY INVESTMENT

What documentation will I receive after I invest?

If you invest a lump sum you will receive a Contract note confirming the number of shares purchased in the Company; the relevant Fund and the price paid. If you top-up your investment, you will receive another Contract Note.

If you invest through a Regular Savings Plan: you will receive a Contract note confirming the number of shares purchased in the Company; the relevant Fund and the price paid for the first month only.

You will receive a half-yearly statement showing the value of your investment and any income paid to you.

You will also receive the Company's short-form report. Copies of the long-form annual report and accounts are available free of charge on request.

How will I know what my investment is worth?

When you make a new or additional investment, we will send you a Contract Note showing your investment amount, the number of shares you have purchased and the share price. Every six months we will send you a statement showing the current value of your investment and a summary of any shares you bought or sold during the period.

How do I find out the current Share price?

You can check the daily Share price on our website at www.LV.com Alternatively, please phone us on **0845 113 0273** for information.

4.

INVESTING MONITORING MY INVESTMENT CONTINUED

What about financial advice?

If you are unsure whether or not this investment is right for you, you should seek advice from a financial adviser.

The financial adviser will provide you with details about the cost of providing advice.

What happens to my investment if I die?

This depends on whether Shares are held in a single name or joint names:

Single name: we will value your Shares (for probate purposes) using the price current on the business day coinciding with, or immediately after, the date of death. The Shares can be held as part of your Estate or sold back to the Fund. If they are sold, we will value them using the Share price applicable on the day we receive the instructions to sell. The proceeds will be paid to your personal legal representative(s) and taxed as part of your Estate, and may subsequently be liable to Inheritance Tax.

Joint names: the name of the deceased will be removed from our Share Register and the Shares will then be held in the name(s) of the remaining investor(s). The proportion transferred from the deceased to the remaining shareholder(s) will be treated as part of the deceased's estate for Inheritance Tax purposes. It will be valued as at the date of death.

Are the Funds also available through an ISA?

Yes, the funds of the Company can be held in a Stocks and Shares ISA account. Please ask your financial adviser or call us on **0845 113 0273** for further information.

ISA Investments

Liverpool Victoria Portfolio Managers Limited is the "ISA Account Manager" for the LV= Stocks and Shares Individual Savings Account ("LV= ISA"). Shares in the Fund bought through the LV= ISA are subject to the LV= ISA Terms and Conditions. Along with the "LV= ISA Key Features", these are available on request.

5.

ECONOMIC INFORMATION

How much will any advice about investment in the Funds cost?

Should you decide to take advice about investing in a Fund, your financial adviser will give you details about the cost of such advice.

What fees and expenses apply to investment in the Funds?

The charges we make for arranging and managing your investment and the professional fees incurred are shared among investors. The current fees and expenses payable directly by you and those paid from the Funds are set out below.

Fees paid directly by you

Initial Charge

We make an Initial Charge of 5% each time you make an investment.

Switching Charges

We may charge a switching fee of 2% when shares of a Fund are switched for shares of another Fund. Please see the Prospectus for full details on switching between Funds.

Fees paid out of the Fund's assets

Periodic Charge and Other Expenses

The following fees and expenses also apply to each of the Funds but are not paid directly by investors. These fees and expenses are deducted from the property of these Funds.

As ACD, we make a 1.0% annual management charge, in instalments, which is payable each month in arrears. This charge is in addition to the expenses paid for the professional services it receives – such as registry and transfer agency, safe custody, audit, regulatory and fund management advice. The additional expenses for each Fund, per year, including VAT where applicable, are estimated as follows:

LV= Diversified Income Fund	0.86%
LV= Managed Portfolio 4	0.70%
LV= Managed Portfolio 5	0.78%
LV= Managed Portfolio 6	0.91%
LV= Managed Portfolio 7	0.93%

These estimates do not include transaction costs associated with buying and selling investments held in the Funds. However, they do include the net annual management charges applied by the operators of other collective investment schemes held within the Funds.

The Investment Manager's fees and expenses (plus VAT thereon) for providing investment management services, are paid by the ACD out of its annual management charge.

How will charges and expenses affect my investment?

All fees and expenses are initially charged to the income of the Funds, except for the LV= Diversified Income Fund where the charges are taken from capital.

The effect of these charges on an investment of £1,000 is set out below. The figures are not guaranteed and are intended only to show the effect of charges and expenses on an investment. They could be higher or lower than this. The figures are not inclusive of security transaction costs.

LV= Diversified Income Fund

Lump sum investment of £1,000 (income automatically reinvested)

At End of	Your total investment to date	Effect of deductions to date	What you might get back
Year 1	£1,000.00	£71.00	£988.00
Year 3	£1,000.00	£121.00	£1,070.00
Year 5	£1,000.00	£179.00	£1,150.00
Year 10	£1,000.00	£378.00	£1,410.00

The last line in the table shows that over 10 years the effect of total charges and expenses could amount to £378.

Putting it another way, if the growth rate were to be 6.0% a year, which is in no way guaranteed, this would have the effect of reducing the growth rate to 3.5% a year.

LV= Managed Portfolio 4

Lump sum investment of £1,000

At End of	Your total investment to date	Effect of deductions to date	What you might get back
Year 1	£1,000.00	£69.00	£990.00
Year 3	£1,000.00	£115.00	£1,070.00
Year 5	£1,000.00	£170.00	£1,160.00
Year 10	£1,000.00	£355.00	£1,430.00

The last line in the table shows that over 10 years the effect of total charges and expenses could amount to £355.

Putting it another way, if the growth rate were to be 6.0% a year, which is in no way guaranteed, this would have the effect of reducing the growth rate to 3.7% a year.

LV= Managed Portfolio 5

Lump sum investment of £1,000

At End of	Your total investment to date	Effect of deductions to date	What you might get back
Year 1	£1,000.00	£70.00	£989.00
Year 3	£1,000.00	£118.00	£1,070.00
Year 5	£1,000.00	£175.00	£1,160.00
Year 10	£1,000.00	£367.00	£1,420.00

The last line in the table shows that over 10 years the effect of total charges and expenses could amount to £367.

Putting it another way, if the growth rate were to be 6.0% a year, which is in no way guaranteed, this would have the effect of reducing the growth rate to 3.6% a year.

LV= Managed Portfolio 6

Lump sum investment of £1,000

At End of	Your total investment to date	Effect of deductions to date	What you might get back
Year 1	£1,000.00	£72.00	£987.00
Year 3	£1,000.00	£122.00	£1,060.00
Year 5	£1,000.00	£182.00	£1,150.00
Year 10	£1,000.00	£385.00	£1,400.00

The last line in the table shows that over 10 years the effect of total charges and expenses could amount to £385

Putting it another way, if the growth rate were to be 6.0% a year, which is in no way guaranteed, this would have the effect of reducing the growth rate to 3.5% a year.

LV= Managed Portfolio 7

Lump sum investment of £1,000

At End of	Your total investment to date	Effect of deductions to date	What you might get back
Year 1	£1,000.00	£72.00	£987.00
Year 3	£1,000.00	£123.00	£1,060.00
Year 5	£1,000.00	£183.00	£1,150.00
Year 10	£1,000.00	£388.00	£1,400.00

The last line in the table shows that over 10 years the effect of total charges and expenses could amount to £388.

Putting it another way, if the growth rate were to be 6.0% a year, which is in no way guaranteed, this would have the effect of reducing the growth to 3.5% a year.

What if I'm investing a different amount from those shown?

You can use the figures shown in the table above to estimate the values for other investment amounts. For example, if you want to invest £10,000, multiply the figures by 10. If you want to invest £5,000 multiply the figures by 5.

What is a Dilution levy?

A dilution levy is a charge that can be levied on those buying or selling shares in a Fund in order to cover the cost of buying and selling underlying securities in the Fund.

The levy is a useful way to protect the Fund and its shareholders from the effect of these costs because, if a dilution levy is charged, the proceeds of the levy are paid back in to the Fund.

Any decision on whether to apply a dilution levy would be made by the ACD. Please note, it is not possible to predict with accuracy when one might be applied. However, it is more likely to occur on a very large investment or sale of Shares in the Fund than on a very small one.

Full information on the Dilution Levy Policy can be found in the Fund Prospectus.

What is Stamp Duty Reserve Tax (SDRT)?

HM Treasury regulations require a 0.5% SDRT charge to be made on the value of UK shares sold from the Fund by the ACD and on certain other transfers of Shares. The liability may be reduced or eliminated completely in certain circumstances.

This charge may have an adverse effect on the value of the Funds. The Financial Services Authority's rules allow the cost of SDRT to be met directly from the Fund. Alternatively, to protect the Fund and its shareholders from the effect of SDRT, the cost can be passed on to those investors whose sale or purchase of Shares in the Fund has triggered the SDRT (this is called an SDRT provision).

It is not possible to predict accurately whether an SDRT charge will occur at any future point in time. Consequently, it is also not possible to predict accurately how frequently the ACD will need to make such a SDRT provision.

What is the Total Expense Ratio ("TER")?

The TER shows the annual operating expenses of the Funds. This can be used to help you compare the annual operating expenses of different funds.

The TER includes the annual management charge, plus the expenses for the professional services the fund receives – such as registry, transfer agency, safe custody, audit, regulatory and fund management advice. It does not include the initial charge, transaction expenses, interest on borrowing, payments incurred due to financial derivative instruments, entry/exit commissions or any fees paid directly by the investor and commission sharing arrangements. These are explained in the Prospectus.

The Total Expense Ratio for the Funds at launch is estimated to be as follows:

LV= Diversified Income Fund	1.86%
LV= Managed Portfolio 4	1.70%
LV= Managed Portfolio 5	1.78%
LV= Managed Portfolio 6	1.91%
LV= Managed Portfolio 7	1.93%

What is the Portfolio Turnover Rate ("PTR")?

The Portfolio Turnover Rate measures the dealing activity of a Fund during a specified period of time. The more the fund buys and sells shares and securities, the higher the Portfolio Turnover Rate will be. This will often result in higher costs but may also mean that the Investment Manager is actively managing the assets in line with the stated objectives.

The Portfolio Turnover Rate is calculated according to the following formula:

$$\frac{\text{Value of Purchases of securities + Value of Sales of securities by the Fund} - \text{Value of Subscriptions of Shares + Value of Redemptions of Shares in the Fund}}{\text{Average Fund Net Asset Value over 12 months}} \times 100$$

The Funds launched on 29 July 2008. The Portfolio Turnover Rate for these Funds will be available on request one year after launch.

Past Performance

The funds launched on 29 July 2008, therefore no annual performance data is currently available.

Information on the Past Performance of the Funds will be available on request one year after launch.

TAXATION

How is my investment taxed?

The information below is a general guide based on current United Kingdom law and HM Revenue and Customs practice, both of which are subject to change without warning, and does not constitute legal or tax advice. It summarises the tax position of the investment and of investors who are United Kingdom residents and hold Shares as investments. Prospective investors who are in any doubt about their tax position, or who may be subject to tax in a jurisdiction other than the United Kingdom, are recommended to take professional advice.

For details of Taxation in an LV= ISA, please refer to the LV= ISA Key Features Document.

Corporate Investors should refer to the full Prospectus and also seek professional tax advice.

Tax on the Fund

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

Funds may receive dividend distributions from UK collective investment schemes or dividends in respect of investments in UK equities. The dividends and any part of the dividend distributions which relate to UK dividends are not subject to corporation tax in the Fund. Each Fund is liable to UK corporation tax at the current rate of 20% on any other types of income after deducting management expenses, charges and the gross amount of any interest distributions.

The Funds are exempt from UK corporation tax on capital gains realised on the disposal of investments (including interest paying securities) held within them.

The income of each Fund will be shown in the Company's distribution accounts as available for distribution as dividends. Each Fund will make a dividend distribution on each relevant distribution date to the shareholders in the relevant Fund.

Tax on an Individual Shareholder

Dividend distributions to UK resident individuals

An individual shareholder is entitled to a tax credit in respect of any dividend income distribution received. The shareholder is subject to income tax on the total of the dividend distribution plus the tax credit. (The total is referred to below as the "gross dividend"). The value of the tax credit is equal to 10% of the gross dividend. So, on a dividend distribution of £90, the tax credit will be £10.

A UK resident individual who is not liable to tax will not be able to reclaim the tax credit from HM Revenue & Customs.

In the case of a UK resident paying tax at the basic rate, the tax credit will match the individual's tax liability on the dividend distributions, and so there will be no further tax to pay.

A UK resident individual who is liable to higher rate income tax will be subject to income tax at the rate of 32.5% on the amount of the gross dividend but will be able to set-off the tax credit against part of this liability. Such a person will thus have to pay additional tax of 22.5% on the amount of the gross dividend.

For income tax purposes there is no difference between receiving income to your bank account and reinvesting the income to buy more shares in the fund.

If you are not sure of your tax position, or you think it may change as consequence of receiving income from the Fund, you should seek professional advice.

Taxation of capital gains for individual shareholders

Any gains arising on a disposal of shares by a UK resident individual shareholder may be subject to capital gains tax. Currently the first £9,600 of chargeable gains from all sources is exempt from tax. Above this amount, chargeable gains are taxed at 18%. Exemptions, thresholds and rates of tax may change in future tax years.

If you are not sure of your tax position, or you think it may change as a consequence of selling shares in the Fund, you should seek professional advice.

Tax on Switches between Funds

A switch of your investment from one Fund to another, or to another LV= Fund, is treated as a potential capital gain (see above "Taxation of Capital Gains").

ADDITIONAL INFORMATION

Can I obtain further information?

Additional information; including copies of the **LV= Investment Funds III Prospectus** and the long-form report and accounts are available on request free of charge from the ACD:

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

For any further information, please contact us on:
0845 113 0273.

Who should I contact if I have a query or complaint?

If you have a query or complaint about any aspect of the service you receive from LV=, please phone us on 0845 113 0273 quoting your reference number. Alternatively, you can write to us at:

Box 2
 Liverpool Victoria
 County Gates
 Bournemouth BH1 2NF.

Making a complaint will not affect your right to take legal action. We operate a written complaints procedure in accordance with the requirements of the Financial Services Authority and you may be able to refer your complaint to the Financial Ombudsman Service. Details of our complaints handling process are available on request.

What compensation arrangements apply?

The Company is covered by the Financial Services Compensation Scheme. You may be entitled to compensation from the scheme if we cannot meet our obligations. This depends on the type of business and the circumstances of the claim. This type of business is covered for 100% of the first £30,000 and 90% of the next £20,000, so the maximum compensation is £48,000. Further information about compensation arrangements is available from:

Financial Services Compensation Scheme,
7th Floor, Lloyds Chambers,
1 Portsoken Street,
London E1 8BN.

Tel: 020 7892 7300

Fax: 020 7892 7301

Email: enquiries@fscs.org.uk

Anti-money laundering

In order to comply with the Money Laundering Regulations 2003 (as amended) and FSA's Money Laundering Sourcebook, the ACD will require verification of identity, if this has not previously been supplied, from any person applying for Retail Shares including, without limitation, any applicant who:

- tenders payment by way of cheque or banker's draft on an account in the name of a person or persons other than the applicant; or
- appears to the ACD to be acting on behalf of some other person.

In the former case verification of the identity of the applicant and the person supplying the funds will be required. In the latter case, verification of the identity of the applicant and any person on whose behalf the applicant appears to be acting will be required.

Holding money on your behalf

If, exceptionally, it is necessary for us to hold client money, it will be placed in a client account with HSBC Bank plc. No interest is payable on client money.

Applicable Law

All matters relating to any proposed or actual investment by you are subject to English law and the jurisdiction of the English courts except that, if the Fund was promoted to you when you were outside the United Kingdom, we are required to comply with the laws of the country where you were located in respect of that promotion.

All communications will be in the English language.

Updating

The information in this document will be updated periodically to reflect changes to the Funds and applicable laws. Please check before making any decision to buy, sell or switch shares that you have the current version with the up-to-date information.

Direct Debit Guarantee – for those buying Shares through the Regular Savings Plan

This Guarantee is offered by all banks and building societies that take part in the Direct Debit Scheme. The efficiency and security of the Scheme is monitored and protected by your own bank or building society.

If the amounts to be paid, or the payment dates change, LV= will notify you 10 working days in advance of your account being debited or as otherwise agreed.

If an error is made by LV= or your bank or building society, you are guaranteed a full and immediate refund from your branch of the amount paid.

You can cancel a Direct Debit at any time by writing to your bank or building society. Please also send a copy of your letter to LV=.

8.

DIRECTORY

Who are the service providers and regulator of the LV= Investment Funds III?

ACD	Liverpool Victoria Portfolio Managers Limited 80 Cheapside London EC2V 6EE
Depository	HSBC Bank plc 8 Canada Square London E14 5HQ
Investment Manager	Liverpool Victoria Asset Management Limited 80 Cheapside London EC2V 6EE
Registrar	International Financial Data Services (UK) Limited St. Nicholas Lane Basildon Essex SS15 5FS
Administrator	HSBC Securities Services (UK) Ltd 1-2 Lochside Way Edinburgh Park Edinburgh EH12 9DT
Auditors	Ernst & Young LLP 1 More London Place London SE1 2AF
Regulator	Financial Services Authority 25 The North Colonnade Canary Wharf London E14 5HS



Authorised and regulated by the Financial Services Authority.

LV= and Liverpool Victoria are trade marks of Liverpool Victoria Friendly Society Limited. LV= and LV= Liverpool Victoria are trading styles of the Liverpool Victoria group of companies.

Liverpool Victoria Asset Management Limited (LVAM) is the Investment Manager and Liverpool Victoria Portfolio Managers Limited (LVPM) the ISA manager and Authorised Corporate Director for the LV= Investment Funds III ICVC. LVAM and LVPM are authorised and regulated by the Financial Services Authority, register numbers 185399 and 188521 respectively. Both companies are incorporated in England and Wales company numbers 3287943 and 3579650 and are members of the IMA. The LV= Investment Fund III ICVC is an open ended investment company (OEIC) with variable capital incorporated in England and Wales with number: IC678. The OEIC is authorised and regulated by the Financial Services Authority, register number 482678. Registered address for all companies: County Gates, Bournemouth, BH1 2NF.