SHORT REPORT OF THE LV= UK PROPERTY FUND

30th June 2009

LIVERPOOL VICTORIA

LV= UK PROPERTY FUND

Short Report period ended 30 June 2009

REPORT OF THE AUTHORISED CORPORATE DIRECTOR (ACD):

Performance

In the six months to 30 June 2009 covered by this report, the LV= UK Property Fund produced a total investment return of -7.58%* compared to the IMA Property Sector average fund return of -5.37%*.

There is a further share class for institutional investors, which, for the same period, produced a return of -7.43%*. A Second Retail share class was launched on 12 June 2009 which for the period to 30 June 2009 produced a return of 0.10%.

Performance Review

The defensive nature of the portfolio, which has no voids, offers security through attractive lot sizes and properties let to a good range of tenants who pay their rents on the due day. Valuations for the portfolio have been steadily improving throughout the year with recent valuations outstripping those of the market average. Unfortunately, these valuations are not wholly reflected in the return, as the fund underperformed the sector average over the first half of the year. One of the main reasons for the underperformance is the IMA peer group is comprised of property equity funds, the majority of which are overseas. The fund has made its first acquisition in the UK property equity market and further opportunities are under consideration.

After months in the doldrums, the property market is starting to show signs of stabilising although there is probably some way to go until actual prices start to pick up. While we are seeing a slowdown in the deterioration in property values as good quality assets near the bottom of the decline, secondary assets still have further to fall.

*Source: Copyright - © 2009, Lipper. All rights reserved. Bid to Bid basis with net income reinvested.

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The present conditions are perfect for buying good quality properties capable of producing high yields. Prime location, superior build quality and long leases to reliable tenants continue to be the main determinants and are as important in the present climes as they have ever been.

We have recently completed the acquisition of an office building in London's West End, which satisfies all of our investment criteria, and purchasing shares on the open stockmarket will add further complimentary diversification to the Fund.

Market Review

Property values have continued their two-year decline over which period values have fallen 44.1% from their peak while the most recent 12 months change is -30.8%. The last six months have seen a drop of 13.2%, a slowdown on the previous half year. The rate of capital decline in January 2009 was -3.1% and while values fell again in June, it was one of the lowest rates seen over the last two years of -0.9%.

Yields from property have increased and now stand at an average of 7.9%. In contrast, rental values have seen a decline of -5.6% in the first six months of the year and vacancy rates have risen and now stand at 12.1% of income.

It is the falling occupier demand and falling rental values that are now influencing capital declines.

There are, however, positive signs and at the prime end of the market, yields have not only stabilised but in some instances are now falling in response to renewed investor interest.

Market Outlook

The decline in values has started to stall with some properties, particularly those that are well let on long leases, being marked up as increased appetite returns to the sector. Several "opportunity" funds have been launched taking advantage of the depressed market, with the weakened sterling attracting overseas investors. Institutional funds are chasing property as an asset class attracted by the relatively high yield on offer. As always, tenant covenant and lease length is important with interest more focussed on length and quality of lease. In terms of lot size, interest has been focused on the smaller end of the market, but the return of institutional investors is expected to reverse this trend.

The present danger is in tenant demand, the lack of which is affecting rental values. As a result, incentive packages have increased across all sectors and these need to be properly reflected in valuations.

Looking at office space, supply in the City continues to grow which is having a serious impact on rental levels. The West End is less affected on the supply front although demand from occupiers has reduced significantly with the result that rentals have come off in the West more than in the City. Meanwhile, in the provinces, a number of locations are looking at an oversupply situation.

The retail sectors – shopping centres, out of town, high street – have suffered from a number of tenant insolvencies and as a result, demand remains weak. This is exacerbated by the high level of shopping centre development with the few potential tenants there are being able to secure attractive incentive packages.

The industrial sector has not been immune. Overdevelopment has led to an increase in supply levels, particularly in the Midlands and the North, and few occupiers are moving.

While there has been talk of an improvement in conditions and possible economic recovery, we lean more towards the belief in a double-dip recovery. With more disconnect between quality and vulnerable stock, the greater differential is being reflected in prices. We feel we are presently at the crossroads but property should always be considered as a long-term asset class. With good selection, income is protected with the added bonus of increased value over time.

While avoiding risk, we are presently pursuing a number of buying opportunities including both direct property and UK property equities to add further diversification to the portfolio.

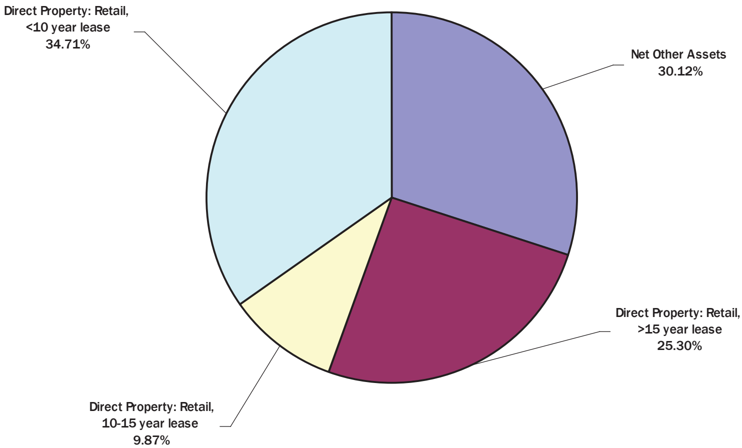
Liverpool Victoria Portfolio Managers Limited

July 2009

Portfolio Information

Top 5 holdings as at 30 June 2009	Percentage of Fund
Buckingham Gate (Retail, <10 year lease)	15.15
9-10 Broad Street, Reading (Retail, 10-15 year lease)	9.87
30-31 Western Road, Brighton (Retail, >15 year lease)	9.51
3 Cathedral Square, Peterborough (Retail, >15 year lease)	8.25
31 Commercial Street, Leeds (Retail, <10 year lease)	8.08

Spread of Investments



Investment Objective and Policy

To achieve long-term capital growth through direct investment in, or exposure to, UK commercial property.

Investment may also occur in UK property related securities, debt instruments, regulated and unregulated collective investment schemes and other transferable securities to gain exposure to the UK property market. The Fund may also invest in deposits and cash and near cash, money market instruments and derivatives.

The Fund can from time to time use derivatives for the purpose of efficient portfolio management only.

Risk Profile

This Fund invests in UK commercial property including shops, offices, retail, leisure and industrial units to achieve long-term capital growth. Be aware that there are a number of risks associated with investing in the Fund. These include but are not limited to the following:

- The value of your investment and any revenue from it may fall as well as rise and you may not get back the amount you invested. Past returns are not necessarily 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.
- Most property investments are relatively illiquid compared to equity and fixed interest investments. It can take time to buy and sell properties. In poor market conditions especially, dealing in Shares of the Fund may be suspended or delayed.

A more detailed explanation of the risks involved with an investment in the Fund can be found in the Simplified Prospectus or Full Prospectus, available on request from the ACD.

Net Asset Values

	Net asset value (£)	Net asset value pence per share	No. of shares in issue
31 December 2008 - Retail Shares	4,333	86.66	5,000
31 December 2008 - Institutional Shares	28,196,516	86.84	32,469,070
30 June 2009 - Retail Shares	13,868	81.64	16,986
30 June 2009 - Second Retail Shares	997	99.70	1,000
30 June 2009 - Institutional Shares	27,848,607	81.95	33,983,201

The table above demonstrates the net asset value, net asset value pence per share and the no. of shares in issue.

Share Price Range

	Accumulation Shares	
Calendar Year	**Highest (pence)**	**Lowest (pence)**
2007 - Retail Shares*	100.75	98.17
2007 - Institutional Shares*	100.74	98.17
2008 - Retail Shares	98.53	88.55
2008 - Institutional Shares	98.55	88.72
2009 - Retail Shares	88.78	81.86
2009 - Second Retail Shares**	100.14	100.00
2009 - Institutional Shares	88.97	82.16

The table above demonstrates the share price range during the period.

* Launched 7 September 2007.

** Launched 12 June 2009.

Distribution History

Calendar Year	Pence per Share	Accumulation Shares Per £1,000 invested at Launch (£)
2008 - Retail Shares	4.3440	43.44
2009 - Retail Shares	1.0595	10.59
2009 - Second Retail Shares	0.1480	1.480

Calendar Year	Pence per Share	Institutional Accumulation Shares Per £1,000 invested at Launch (£)
2008 - Institutional Shares	4.5448	45.45
2009 - Institutional Shares	1.1975	11.98

The table above demonstrates the net revenue accumulation during the period.

Total Expense Ratio (TER)

The TER of the Fund was:

	30 June 2009 (%)	31 December 2008 (%)
Retail Shares	1.51	1.55
Second Retail Shares	2.01	-
Institutional Shares	1.11	1.15

The total expense ratios (TER) for the Fund in this report have been prepared in accordance with the Financial Services Authority's regulatory guidelines COLL 4 Annex 2.

Property Expense Ratio (PER)

The PER of the Fund was:

	30 June 2009 (%)	31 December 2008 (%)
Retail Shares	0.13	0.14
Second Retail Shares	0.13	-
Institutional Shares	0.13	0.14

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.

Portfolio Turnover Rate (PTR)

The PTR of the Fund was:

	30 June 2009 (%)	31 December 2008 (%)
	4.03	-49.72

A portfolio turnover rate (PTR) is shown which takes into account purchases and sales of investments and subscriptions and redemptions of shares over the period and is expressed as a percentage of average daily net assets over the same period, calculated in accordance with the formula prescribed in the Collective Investment Schemes Sourcebook.

OTHER INFORMATION

The information in this report is designed to enable shareholders to make an informed judgment on the activities of the Fund during the period it covers and the result of those activities at the end of the period.

The full Long Report and Accounts are available free of charge on request from the ACD at the administration address below.

For more information about the activities and performance of the Fund during the period please contact the ACD at the administration address noted below.

Authorised Corporate Director: (ACD)	This report is issued by the ACD, Liverpool Victoria Portfolio Managers Limited, (authorised and regulated by the Financial Services Authority, register number 188521. Registered in England, number 3579650). Registered address: County Gates, Bournemouth, BH1 2NF Please note our new Administration address for all correspondence: PO Box 10033, Chelmsford, CM99 2AL and our telephone number is 0845 113 0273.
Investment Manager:	Liverpool Victoria Asset Management Limited
Auditor:	Ernst & Young LLP, Edinburgh
Depositary:	J.P. Morgan Trustee and Depositary Company Limited

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