

LV= INDIVIDUAL SAVINGS ACCOUNT

Terms and Conditions
1 July 2009



We are able to provide literature and communications in the following alternative formats: Braille and large print. If you need this document in either of these formats please contact your Financial Adviser or contact LV= on 0845 113 0273.

You should make sure that you have the most recent edition of these Terms & Conditions and that you have read all the clauses. If you have obtained these Terms & Conditions electronically, you should make sure that you have downloaded the document in its entirety.

TERMS AND CONDITIONS OF THE LV= INDIVIDUAL SAVINGS ACCOUNT

1 PRELIMINARY

1.1 Definitions

- (i) In these Terms & Conditions the following terms have the meanings stated:

'Account': an LV= Stocks and Shares Individual Savings Account held under these Terms & Conditions.

'Dealing Deadline': 14:00 on a Business Day

'FSA': Financial Services Authority of the United Kingdom.

'Fund': a sub-fund of the LV= Investment Funds I ICVC; LV= Investment Funds II ICVC ; LV= Investment Funds III ICVC or the LV= UK Property Fund and 'Funds' shall be construed accordingly.

'LV= ISA': a Stocks and Shares Individual Savings Account held under these Terms & Conditions.

'Society': Liverpool Victoria Friendly Society Limited, an incorporated friendly society under the Friendly Societies Act 1992.

'Spouse/Civil Partner of a Crown Employee': a person married to or in a civil partnership with, a Crown Employee as defined above.

'Stocks and Shares ISA': An ISA comprising Stocks and Shares as defined in the Treasury Regulations.

'Terms & Conditions': these terms and conditions together with the relevant application form and any other document that may be appended hereto.

'Treasury Regulations': the regulations made on 31 July 1998 and any other regulations made from time to time by HM Treasury under the provisions of sections 333 and schedule 29 of the Income & Corporation Taxes Act 1988; section 151 of the Taxation of Chargeable Gains Act 1992 and the Individual Savings Account Regulations 1998 as amended from time to time.

'We': Liverpool Victoria Portfolio Managers Limited as Account Manager. Where the context requires, 'us' and 'our' should be similarly construed.

'Year': a year beginning on 6 April in any calendar year and ending on 5 April in the following year also referred to as a 'Tax Year'.

'You': an account holder, who is an individual who holds an Account under these Terms & Conditions. Where the context requires, 'your' should be similarly construed.

- (ii) Where we refer to any statutory provision or regulation, this includes any modification or re-enactment which has been made.
- (iii) The headings and subheadings are included for your guidance, but do not form part of these Terms & Conditions.

1.2 Account Manager

- (i) We are regulated by the FSA for investment business, including the management of Individual Savings Accounts, and we are bound by their rules.
- (ii) We agree to act as Account Manager in relation to your Account. We satisfy ourselves that any person to whom we delegate any of our functions or responsibilities under these Terms & Conditions is competent to carry out those functions and responsibilities. We hold your personal data for the purpose of managing your Account in accordance with the requirements of the data protection legislation.
- (iii) We are entitled to act as Principal in transactions relating to assets held within the Account.
- Our business address is: Liverpool Victoria Portfolio Managers Limited PO Box 10033, Chelmsford, CM99 2AL and our telephone number is 0845 113 0273
- (iv) You are classified as a 'retail client', as defined in the FSA rules, unless we notify you in writing to the contrary. We will act with reasonable skill, care and diligence as required by the rules of the FSA.

2 INVESTING IN THE ACCOUNT

2.1 Investment limits

- (i) The total amount you invest in the Account in any one Year cannot exceed the investment limit for that Year for the type of Account you hold. The investment limits for a Year are as defined in the Treasury Regulations. It is your responsibility to ensure that you do not exceed the limit in any Tax Year.

The limit for the 2009/2010 Tax Year is £7,200 which may include up to £3,600 in a Cash ISA Account. Please note that from 6th October 2009, a limit of £10,200 (which may include up to £5,100 in a Cash ISA Account) will apply to investors whose 50th birthday falls within the 2009/2010 Tax Year.

2.2 Applying for an Account

- (i) In any one Year, you may only invest in one Stocks and Shares ISA and one Cash ISA.
- (ii) In order to open your Account, we must receive at our business address (1.2 (iii) above) an application from you. This must be in a form determined by us, which may be paper, in electronic form or, if we so agree, a telephone application. We may also open an Account with a duly completed Stocks & Shares ISA Transfer Form whereby you transfer cash held in another Stocks & Shares ISA or Cash ISA operated by Liverpool Victoria or another Account Manager acceptable to you and us. Where the application is not in writing, we will send you a written copy of the declaration which you made under the Treasury Regulations. If the information contained in this copy is incorrect you must notify us of any necessary correction within 30 days from the date we send you the copy. Unless the changes make your Account void, we will send a revised declaration which takes effect from the date of the original declaration.

Your application will cover your first Year and subsequent Years unless you specify otherwise when applying, or you do not make any Cash Investments for one Year or more.

- (iii) Where you apply to make regular Cash Investments, you must also provide us with a completed direct debit instruction, or agree alternative arrangements for payment with us.

Where you apply to make a lump sum Cash Investment, you must also provide us with a cheque for the full amount of the lump sum, or agree alternative arrangements for payment with us.

- (iv) If we receive your completed application and lump sum Cash Investment by the Dealing Deadline on any Business Day, we can accept your application and open your Account on that day.

If your application and lump sum Cash Investment are received on a day which is not a Business Day, or after the Dealing Deadline on a Business Day, we can only accept your application and open your Account on the next Business Day.

If you invest by direct debit, we can only open your Account on the Business Day on which the first payment is collected.

These Terms & Conditions apply on and from the day on which your Account is opened.

- (v) For all investments, we make an Initial Charge of 5% with the exception of the LV= UK Money Market Fund on which the initial charge is 1%.
- (vi) For a new Account we will notify you in writing when we open your Account. If you have invested on the advice of a professional Financial Adviser you will be given 14 days from the day on which you receive this notice, to change your mind and cancel your Account. If you do exercise your right to cancel, your Cash Investment will be returned. The Initial Charge applied when you invested will be refunded. If the value of your investment has fallen since your Account was opened, there could be a shortfall between the money you get back and the amount you originally invested.

2.3 Investments

- (i) The investment objective for each of your chosen investments is shown in the LV= ISA Key Features document.
- (ii) You may only invest in an Account by making a Cash Investment or via a transfer in cash from another ISA Manager which is acceptable to you and to us. The transfer must be permitted by the Treasury Regulations.
- (iii) Where you have chosen to make Cash Investments on a regular basis, we shall continue to collect Cash Investments until further notice from you or from us. Such notice will be implemented seven Business Days after the date on which it was received by us or despatched by us.
- (iv) You may discontinue regular Cash Investments in your Account, either temporarily or permanently, without penalty and (subject to the following) without affecting your right to continue your Account.

Where regular Cash Investments are being applied to the ISA, your Account may continue only if a minimum value in your chosen Fund(s) has been achieved. We from time to time may vary the minimum value. The current minimum value is £500 per Fund. Where your Account has not reached the minimum value, we reserve the right to close it – see section 6.5.

3 THE ACCOUNT

3.1 LV= ISA

- (i) Where you invest in a Stocks and Shares ISA, shares in the Funds are registered in our name. We shall purchase shares in the Funds with cash received including Cash Investments, income and tax repayments.
- (ii) Cash received for this sub-component including Cash Investments, income and tax repayments will be credited to the Funds on the appropriate Business Day -see section 6.2 (i).
- (iii) Subject to the Treasury Regulations, your agreement to these Terms & Conditions authorises us to issue all such directions to any nominee as we consider appropriate for the discharge of our responsibilities under these Terms & Conditions. We remain responsible for the acts and omissions of our nominee.
- (iv) We shall hold, or have held to our order, all title documents, or documents evidencing title, in respect of your investment in the Funds.

3.2 Client Money

We shall segregate all client money from our own money in a Dealing Account. When we receive money from you to invest in the Funds, we will hold it in a Dealing Account until we make payment for Shares in your chosen Funds. If we hold a credit balance for you in a Dealing Account, we will not pay any interest.

The Dealing Account will be held in the UK with an authorised bank in accordance with the FSA's Client Asset Rules. The bank will hold the cash on our behalf in sterling in a trust account separate to any account used to hold money belonging to us in our own right. We will not, however, be responsible for any acts or omissions of the bank.

If the bank should become insolvent, we will have a claim on behalf of you and other clients against the bank. If, however, the bank cannot repay all of its creditors, any shortfall may have to be shared pro rata between you and other clients.

3.3 Beneficial Ownership

- (i) You will at all times be the beneficial owner in respect of the Funds in your Account.
- (ii) Although you are the beneficial owner, as a result of your agreement to these Terms & Conditions, you undertake not to dispose of or transfer any of such assets and not to create any charge or security on or over any of such assets for the purpose of a loan or otherwise.
- (iii) You may at any time close or transfer your Account in its entirety.

3.4 Fees and Charges

We, in our capacity as authorised corporate director of the Funds will receive any initial charge on the purchase of shares in the Funds, an annual management charge and other fees and charges properly payable to us out of the property of the Funds.

- (a) We make an initial charge of 5% of the amount of the Cash Investment on entry to your chosen Funds with the exception of the LV= UK Money Market Fund on which the initial charge is 1%.
- (b) We make an annual management charge of 1% of the Funds or such lower amount as shown in the LV= ISA Key Features Document.

We may add to or amend the above charges in line with the provisions described in the Prospectus of the Funds. If we increase any of the above charges we will give you 30 days' notice of such change.

4 INFORMATION

4.1 Reports and voting rights

- (i) Being an Account holder in the LV= ISA does not qualify you for membership of the Society, nor give you any voting rights associated with membership of the Society.
- (ii) On request, subject to giving us one month's notice in writing, you can elect to:
 - (a) receive a copy of the annual report and accounts or the short form report and accounts for the Funds in which you hold shares through your Account. (A list of the available Funds can be found in the LV= ISA Key Features Document.)
 - (b) attend meetings of shareholders for the Funds in which you hold shares through your Account.
 - (c) Exercise voting rights in the Funds in which you hold shares through your Account.
 - (d) Receive notices issued from time to time to shareholders in the Funds in which you hold shares through your Account.

Such an election would continue until such time as you withdraw it or cease to hold an LV= ISA Account.

4.2 Statements

- (i) We will send you an Account statement drawn up as at 30 June and 31 December each year which will show Cash Investments received, payments made and income and tax credits, whether added to the Account or paid to you.
- (ii) You have a right to inspect copies of contract notes, vouchers and entries in our books or computerised records relating to your transactions. We keep records of our business transactions for at least six years.

4.3 Notices

- (i) You must inform us promptly if you change your home address.
- (ii) You must inform us immediately if you cease to be resident and ordinarily resident in the United Kingdom. In such circumstances, you cease to be eligible to make further Cash Investments in the Account unless you are a Crown Employee or the Spouse of a Crown Employee.
- (iii) If you are already non-resident, but a Crown Employee or the Spouse of a Crown Employee, you must inform us immediately if you cease to be a Crown Employee or the Spouse/Civil Partner of a Crown Employee. In such circumstances, you cease to be eligible to make further Cash Investments in the Account unless you become resident and ordinarily resident in the United Kingdom.
- (iv) You must always send us your instructions or requests in writing unless and until we agree alternative means

of communication. Where we agree to the use of electronic means of communication (including the telephone):

- (a) You must do all that you reasonably can to ensure that the security codes, Personal Identification Numbers (PINs) and procedures are kept secret at all times.
- (b) You must tell us as soon as you can if you think someone else may know your security codes, PINs or procedures. Until you tell us this, you will be responsible for all instructions we receive and act on, even if the instruction was not given by you. Unless we can show that you have been fraudulent, negligent or have broken Condition 4.3 (iv) (a) above, we will credit your Account with any payments we make after you tell us. We will have no further liability to you. We can ask you for all the information you have about the misuse of security codes, PINs and procedures, which we may pass on to the Police if we consider it appropriate to do so.
- (v) For your security, telephone calls may be recorded and randomly monitored.

4.4 Complaints

- (i) We operate a written complaints procedure in accordance with the requirements of the FSA and the Financial Ombudsman Service. Details of our complaints handling procedures are available on request.
- (ii) If you have any complaint about your Account, please contact: Liverpool Victoria Portfolio Managers Limited PO Box 10033, Chelmsford, CM99 2AL, tel: 0845 113 0273.
- (iii) If you are not satisfied with the way we deal with your complaint, you may refer the matter to the Financial Ombudsman Service whose address is South Quay Plaza, 183 Marsh Wall, London E14 9SR. Making a complaint will not prejudice your right to take legal proceedings.

4.5 Compensation

In the event that we are unable to meet our liabilities and where you have a valid claim against us you may be entitled to redress from the Financial Services Compensation Scheme. The maximum level of compensation that can be received from the Scheme is:

£48,000 made up of 100% of the first £30,000 plus 90% of the next £20,000 of the value of your investment.

For further details you can contact:

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

They can also be contacted by telephoning 020 7892 7300 (Fax 020 7892 7301) or by email (enquiries@fscs.org.uk).

5 INCOME ARISING FROM THE ACCOUNT

5.1 Investment of Account Income

- (i) Where you have net accumulation shares within a Stocks and Shares ISA, accrued income will be reflected in the price of shares in the Funds and tax repayments attributable to that income will be applied to purchase further shares in the Fund.

However, where shares in the Fund have been sold immediately prior to the ex-dividend date, registration may take place too late to enable the distribution to be reinvested in additional Shares. In this case, the distribution will be paid out to you rather than reinvested.

The latest LV= ISA Key Features Document provides details of funds available with accumulation shares.

- (ii) Where you have income shares within a Stocks and Shares ISA, income will be payable to you under Condition 5.2 below.

The latest LV= ISA Key Features Document provides details of funds available with income shares.

5.2 Payment of Account Income

Either

- (i) You may elect to reinvest income to purchase further shares. Tax repayments attributable to that income will also be applied to purchase further shares in the Fund. You have no further liability to income tax in respect of the income or the tax repayments.

Or

- (ii) You may instruct us to make the payments by direct credit to a UK bank or building society account in your own name. Tax repayments will be paid to your account simultaneously. You have no further liability to income tax in respect of the income or the tax repayments.

Variation

- (iii) You may vary your instructions between the above two options by providing us with signed written instructions. These should be sent to Liverpool Victoria Portfolio Managers Limited PO Box 10033, Chelmsford, CM99 2AL. Your instructions will take effect seven Business Days after we receive them.

5.3 Tax Claims

We shall make all necessary claims for tax repayments relating to your Account.

When we believe it to be appropriate, we shall provide HM Revenue and Customs with all relevant information and documentation that may be required by them under the Treasury Regulations or otherwise.

You will supply us with all information that we reasonably require in respect of the ISA.

You will inform us, as soon as reasonably practicable, if any of the information given or statements made in your application form become untrue.

You should note that your tax treatment in relation to any investment made under these Terms & Conditions will depend on your individual circumstances and may be subject to change in future.

6 DEALING

6.1 General

Dealing in the shares will be in accordance with the Treasury Regulations and the FSA rules. Your transactions may be aggregated with those of other investors to be carried out on the same day and this may work to your disadvantage in relation to a particular order, compared with the price you would have received if your order had been dealt separately.

6.2 Buying and Selling

(i) Cash Investments and tax repayments

Provided valid payment is made by the Dealing Deadline on a Business Day, we shall apply Cash Investments and tax repayments to your Account on that day. Payments made on a day which is not a Business Day, or after the Dealing Deadline on a Business Day shall be applied on the next Business Day.

The price of shares will be the price which applies for the Business Day in question, subject to any Dilution Levy applied to the Fund on that day. For further information please refer to the LV= ISA Key Features Document.

(ii) Selling

Provided your valid selling instruction is received by the Dealing Deadline on a Business Day, we shall apply that instruction on that day. An Instr Deadline on a Business Day shall be applied on the next Business Day. The proceeds realised will be paid to you within four Business Days by Direct Credit to a UK Bank Account nominated by you and bearing your name.

Further information on how to buy and sell Shares can be found in latest available Simplified Prospectus of the Funds available from us on request.

(iii) Switching between LV= Funds

You may at any time instruct us [either in writing or by telephone] to switch shares in your ISA from one Fund to another Fund. Provided your valid switching instruction is received by the Dealing Deadline on a Business Day, we shall apply that instruction on that day. An instruction received on a day which is not a Business Day or after the Dealing Deadline on a Business Day shall be applied on the next Business Day. The prices of shares will be those which apply for the Business Day in question subject to any dilution levy applied to the Fund on that day. No initial charge will apply to switches between LV= Funds. However, a switching fee of 2% of the value of the shares to be switched may apply. Further information on Switching can be found in the LV= ISA Key Features Document.

6.3 Transferring an Account

- (i) You may at any time instruct us to transfer your Account to another Account Manager who has agreed to accept the transfer. The shares in the Funds will be sold and the proceeds of sale will be available for transfer to the new Account Manager.

Sale of shares will take place immediately prior to the transfer of the Account to the new Account Manager. The time period between the request and the transfer will be that required to make the transfer and will not in any case exceed 30 days except in the event of exceptional circumstances beyond our control.

- (ii) We must agree the timing of the transfer with the new Account Manager. These Terms & Conditions will continue to apply to the Account until the transfer is complete and until we have completed all outstanding transactions and met all liabilities.

The transfer payment will be made direct to the new Account Manager. The transfer payment will be made on a Business Day, and the price of shares will be the price which applies for the Business Day in question.

- (iii) When an Account with another Account Manager is to be transferred to us, we will accept only the cash proceeds of the assets held in that Account in respect of Cash and Stocks and Shares ISAs.

6.4 Withdrawals

- (i) You may at any time instruct us to pay to you the value of any or all of your holdings in the Funds in your Account. Section 6.2 (ii) will apply.
- (ii) We may deduct from the value of the Account any amounts due to us. We shall also retain any tax liabilities of yours under the Account for which we must account under Treasury Regulations.

Further information on withdrawals can be found in the LV= ISA Key Features Document.

- (iii) Where a withdrawal from your Account leaves a value of less than the minimum balance allowed, we reserve the right to close the Account - see Section 6.5. Details of the current minimum Account balances allowed can be found in the LV= Stocks and Shares ISA Key Features Document,

6.5 Closing an Account

- (i) You may close your Account at any time if you withdraw all of the assets in the Account and request us to close the Account, Section 6.2 (ii) will apply. If you withdraw all of the assets but do not request closure, the Account will nevertheless close in due course in accordance with HM Revenue & Customs requirements.
- (ii) We may close your Account if as a result either of your ceasing to pay regular Cash Investments, or of your making a withdrawal from your Account, the value of the Account is either less than the minimum balance allowed at the time, or has reduced to nil.
- (iii) If we decide to cease to act as Account Manager, we shall give you at least 30 days' notice in writing. At the end of the notice period the Account will close and the proceeds of the Account will be paid to you, but in the interim you may transfer to another Individual Savings Account or withdraw your holdings in the Account if you wish.
- (iv) We shall give you written notice of closure if it ever becomes impracticable to comply with the Treasury Regulations. Your Account closes automatically if HM Revenue & Customs treat it as void under the Treasury Regulations (see section 6.6).
- (v) When your Account closes, we shall sell the shares within it. The proceeds, together with any cash balances, will be paid to you.
- (vi) We may deduct from the value of the Account any amounts due to us. We shall also retain any tax liabilities of yours under the Account for which we must account under the Treasury Regulations.
- (vii) Closing an Account will not affect any transactions which have been initiated before the closure took place. These Terms & Conditions will continue to apply until we have completed all outstanding transactions and met all liabilities.

6.6 Treasury Regulations and Void Accounts

We shall notify you if the Account has or will become void because it has failed to satisfy the Treasury Regulations. These Terms & Conditions will continue to be enforceable unless and until HM Revenue & Customs treat the Account as void under the Treasury Regulations at which time the Account will immediately close.

Any sums due to be payable as a result of closure of the Account will be subject to deduction of any tax liabilities of yours under the Account for which we must account under the Treasury Regulations.

6.7 Death

- (i) The tax exemptions of the Account cease in the event of your death.
- (ii) When we are informed of your death, the Account will close and no further tax benefits shall accrue.

Shares in the Funds in the Account shall continue to be registered in accordance with section 3.3. However, no tax repayments can be undertaken in respect of income payable after the date of death.

The proceeds of the Account will be payable to or at the direction of your legal personal representatives once they have established their title to the payment. The proceeds of the Account will be payable net of income tax on any income arising after your death, for which we have to account to HM Revenue & Customs.

Your legal personal representatives will be liable to account to HM Revenue & Customs for income tax on income arising after your death and for capital gains tax for any capital gains arising after your death.

- (iii) These Terms & Conditions will continue to apply during the transfer of the proceeds of the Account to your legal personal representatives and until we have completed all outstanding transactions and met all liabilities.

7 GENERAL

7.1 Indemnity

For the purposes of this section 'you' includes both you and your legal personal representatives. You agree to indemnify us and at all times keep us indemnified in respect of all taxes which are due in setting up, administering and closing the Account and in connection with any assets under the Account.

7.2 Liability

We are liable for our negligence, wilful default and for any breaches of the rules of the FSA, the rules and regulations of HM Revenue and Customs or of these Terms and Conditions. We are not liable for any loss caused through a fall in the value of investments unless that fall was due to our negligence by wilful default.

We accept no responsibility of your ISA until cleared funds are received, nor for any loss or delay caused in the payment of funds to us.

For the purposes of this clause 7.2, references to you include your personal representatives and references to us include to our nominee(s).

If we cannot perform any of our obligations under these Terms & Conditions due to circumstances beyond our reasonable control, then we will take all reasonable steps to bring those circumstances to an end, but we will not be liable for our non-performance except to the extent required by the FSA rules.

We will not be liable for any loss arising directly or indirectly from the late collection of a direct debit payment that is not due to our fault, including any loss of investment opportunity or loss of tax relief.

7.3 Variation and Amendment of Terms & Conditions

- (i) We may from time to time make changes in and to these Terms & Conditions where these are required in order to comply with any legal or regulatory requirement, including the Treasury Regulations.
- (ii) We shall give you reasonable notice of all changes to the Terms & Conditions as circumstances warrant. In the event of any change(s) in respect of which we have not given you prior notice, a revised copy of the Terms & Conditions will be sent to you within 30 days of the change(s) becoming effective.
- (iii) These Terms & Conditions shall be deemed to incorporate the Treasury Regulations restricting the amount of Cash Investment you may make in any Year.

7.4 Duration of agreement

There is no minimum duration to the agreement between us as set out in these Terms & Conditions, the application form and any other document annexed to it.

7.5 Governing Law

These Terms & Conditions and the relationship between you and us shall be governed by the laws of England and Wales. All communication by us in respect of these Terms & Conditions will be in the English language.

If these Terms & Conditions conflict with the FSA rules or the Treasury Regulations, such rules or regulations will prevail over these Terms & Conditions.



Authorised and regulated by the Financial Services Authority.

LV= and Liverpool Victoria are registered trade marks of Liverpool Victoria Friendly Society Limited and 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 I, II, III ICVC and LV= UK Property Fund. 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 Funds I, II, III ICVC and the LV= UK Property Fund are open ended investment companies (OEICs) with variable capital incorporated in England and Wales with numbers: IC24, IC593, IC678 and IC577 respectively. The OEICs are authorised and regulated by the Financial Services Authority, register numbers 188233, 474773, 482678 and 470989 respectively. Registered address for all companies: County Gates, Bournemouth, BH1 2NF.

