THE ALL-IN-1 INVESTMENT BOND AND GUARANTEED CAPITAL BOND

Investment Report 2009

LIVERPOOL VICTORIA

THE ALL-IN-1 INVESTMENT BOND AND GUARANTEED CAPITAL BOND

Investment Report 2009

This report provides information on the performance of your bond, for the period 1st January 2009 to 31st December 2009. The investments are managed by Liverpool Victoria Asset Management Ltd. The performance of each of the investment types is measured against an external benchmark, which our fund managers are targeted to beat.

This information does not constitute investment advice and we recommend you to speak to a suitably qualified financial adviser before making any investment decision based upon this, or any other, information.

Every company that offers With Profits investments is required to document the Principles and Practices (the beliefs and behaviours) behind how they manage their With Profits investments; so consumers can understand what to expect from the provider they invest with, or are considering investing with. Our consumer friendly version can be found on the LV= website at www.LV.com/withprofitsguide or a hard copy is available on request.

Unit price and performance of each of the fund options available.

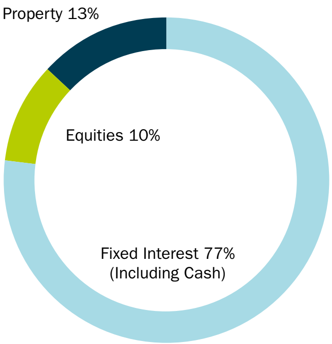
Please see your individual statement for the current price of the units you hold, the value of your Bond and the fund option in which you are invested. This information should be read alongside your policy document. You need to be aware that in each fund option your investment can go down as well as up. The higher the amount invested in stocks & shares, the more frequently this will happen and the more significant the changes in value will be.

Please note: the Guaranteed Capital Bond is invested in the Growth Fund Option.

CAUTIOUS

This fund option is designed to provide modest growth with a lower chance of losing money than the Balanced and Growth fund options. It invests mostly in fixed interest investments with the balance in property and equities.

This is the lowest risk fund option under this Bond and therefore offers the lowest growth potential.



Asset allocation as at 31 December 2009

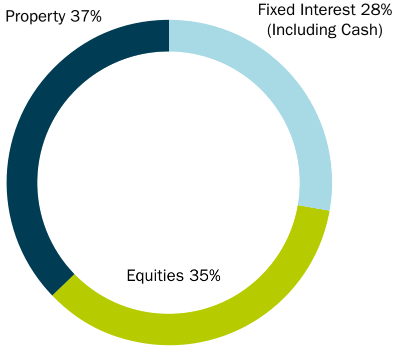
Fund Price 30th December 2005	103.0p
Fund Price 29th December 2006*	106.6p
Percentage Growth	3.5%
Fund Price 31st December 2007*	110.0p
Percentage Growth	3.2%
Fund Price 31st December 2008*	110.5p
Percentage Growth	0.5%
Fund Price 31st December 2009*	116.5p
Percentage Growth	5.4%
Total Percentage Growth of Fund Price from 4th November 2005 to 31st December 2009	16.5%

*The fund price quoted is the Averaged price. Please see your annual statement and policy documentation for an explanation of this.

Please note: Product charges are by way of unit cancellation rather than reflected in the unit price. Past performance is not a reliable guide to future performance

BALANCED

This fund option is designed to provide the potential for modest growth without exposure to undue risk. It invests broadly in equal amounts of equities, fixed interest investments and property. This is the middle risk fund option and is higher risk than the Cautious fund option and lower risk than the Growth fund option.



Asset allocation as at 31 December 2009

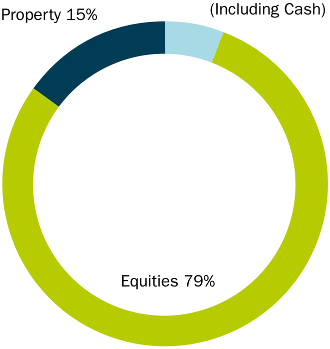
Fund Price 30th December 2005	103.2p
Fund Price 29th December 2006*	112.1p
Percentage Growth	8.6%
Fund Price 31st December 2007*	120.9p
Percentage Growth	7.9%
Fund Price 31st December 2008*	109.7p
Percentage Growth	-9.3%
Fund Price 31st December 2009*	110.4p
Percentage Growth	0.6%
Total Percentage Growth of Fund Price from 4th November 2005 to 31st December 2009	10.4%

*The fund price quoted is the Averaged price. Please see your annual statement and policy documentation for an explanation of this.

Please note: Product charges are by way of unit cancellation rather than reflected in the unit price. Past performance is not a reliable guide to future performance

GROWTH

This fund option is designed to provide the potential for the highest level of capital growth of the three fund options but with an increased risk to capital. This fund option invests mostly in equities with the balance invested in property and fixed interest investments. This is the highest risk fund option and offers the highest growth potential.



Asset allocation as at 31 December 2009

Fund Price 30th December 2005	104.6p
Fund Price 29th December 2006*	113.2p
Percentage Growth	8.2%
Fund Price 31st December 2007*	123.3p
Percentage Growth	8.9%
Fund Price 31st December 2008*	105.2p
Percentage Growth	-14.7%
Fund Price 31st December 2009*	112.9p
Percentage Growth	7.3%
Total Percentage Growth of Fund Price from 4th November 2005 to 31st December 2009	12.9%

*The fund price quoted is the Averaged price. Please see your annual statement and policy documentation for an explanation of this.

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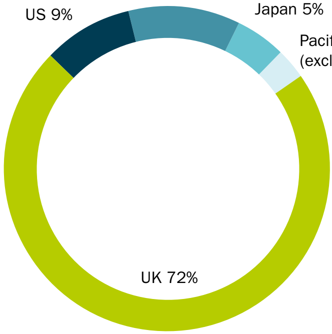
All in One Bond and Guaranteed Capital Bond Performance Review

Equities

Stock selection within the European ex-UK Equity portfolio was a positive contributor to annual performance. An overweight exposure to this asset class and underweight exposures to US and Japan provided a positive contribution in asset allocation terms. This was mitigated by poor stock selection in the UK caused by portfolios' defensive positioning at a time when lower quality stocks outperformed in the first half of the year and selection among resources stocks later in the year. However, this was offset by an overweight position in Pacific ex-Japan Equity, the best performing asset class in 2009.



Equity country weightings as at 31 December 2009

Fixed Interest

Mirroring the bottoming of global equity markets in March, fixed interest bonds (in particular government bonds) fell out of favour as risk appetite increased. Investors rushed back into risky assets in the pursuit of higher returns, shunning the safe havens that bond markets had provided in the tumultuous year before. With inflation above the level of record low interest rates, real yields on cash and short-dated bonds have become negative. The Bond's fixed interest holdings were positioned for a rise in yields and while negative, the above-average investment return reflects that this strategy was successful.

Property

As the property market recovered, the overweight position in UK property started to benefit relative returns although the overweight position earlier in the year detracted from 12-month performance. This was partially offset by strong performance from the portfolio over the year.

Market and Economic Review

The early stages of 2009 continued to suffer from the fall out of the financial crisis at the end of 2008. Despite an absence of solid economic evidence, by early March markets bottomed as participants started to place faith in the prospect of recovery, largely based on improvements in participants' attitude to risk and ongoing support from governments various liquidity programmes. Following a brief lull mid year, financial markets rallied over the remainder of the year as improved corporate profitability provided further evidence to support the recovery.

Shares that had the poorest balance sheets and which had been hit hardest during the financial crisis started to benefit the most from this return of risk appetite. Meanwhile, Government bond prices mirrored the rise in equity prices as investors shunned the safety they provided in the preceding year for higher returns promised by riskier assets.

The recovery in credit markets was perhaps faster than had been expected or could have been hoped for as Quantitative Easing and its variants, together with historically low interest rates around the world, enabled credit markets to reopen and provide liquidity for companies looking to refinance short-term credit facilities.

Renewed institutional interest in the UK property sector started in the summer of 2009 when the property index (Investment Property Databank, commonly referred to as IPD) posted its first positive monthly return for two years. The improvement was cemented by year end with the IPD for December returning its highest monthly reading for 15 years.

Despite this rally in markets, most G7 economies only started to exit recession by the summer to be joined by the US at the end September. The UK was widely anticipated to join this list and while economic data was disappointing, the economy eventually managed a return to growth in the final quarter of the year.

A weak dollar and strengthening commodity markets, particularly base metals and oil, were themes that continued throughout the year whilst gold continued its steady rise breaking record highs along the way. Despite a small pull back in some risk assets towards the end of the year, 2009 ended with very positive annual gains for global equity markets.

Market and Economic Outlook

Economically, 2009 will be characterised as a year of stabilisation as the worst economic crisis in post-World War II history was met by the largest global policy response on record. We believe these policy measures have set the stage for a synchronised global recovery into 2010. However the sustainability of this upswing will remain a key question.

The UK is not alone with its record level of national debt, but with being in excess of 50% of GDP, significant Gilt issuance will remain a focus feature for many years to come. Some of this debt will be taken on by the financial sector which will be required to maintain improved capital ratios by holding more of these liquid instruments. In addition, the Government will need to address the growing budget deficit, which could bring a measure of pain to the public sector.

Despite a cautious outlook for the UK economy, we believe that the UK equity market has better prospects for two notable reasons: a large percentage of quoted companies' earnings are earned overseas; and there is an improvement in prospect for the global economy.

Global financial systems will require time to heal and as the various policy stimuli eventually fade, risks to the global economy could return. The private sector debt that has built up over the years in many G7 countries will take years to unwind and this, together with the tremendous financing challenges governments are facing, means that tax increases and public sectors spending cuts are inevitable.

Whilst US economic releases show an improving trend supporting the recovery, inflationary risks remain benign. This is similar in the UK – albeit at least three months behind. As such we believe that interest rates in the US, UK and Europe will continue to stay low for a considerable time in order for the recovery to become more firmly established, uncertainty still remains whether the current level of national debt will result in a high increase to inflation in the future.

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