



Lloyds TSB

Offshore Funds



Lloyds TSB

Offshore Funds
Limited

Key Features Document
May 2008

LLOYDS TSB OFFSHORE FUNDS LIMITED SUPPLEMENT TO KEY FEATURES DOCUMENT

This document is a supplement (the "Supplement") to the Key Features Document dated May 2008 for Lloyds TSB Offshore Funds Limited (the "Key Features Document"). This Supplement has been issued by Lloyds TSB Offshore Fund Managers Limited and has been approved by Lloyds TSB Private Banking Limited, which is authorised and regulated by the Financial Services Authority.

The Key Features Document should be read subject to the amendments and additions set out overleaf in this Supplement.

April 2009

Lloyds TSB Offshore Funds Limited

The following amendments should be read in conjunction with the contents of the original Key Features Document.

Application Form, Sections 5 (Data Protection) and 6 (Declarations and Signatures).

With effect from 19th January 2009, Lloyds TSB Group plc changed its name to Lloyds Banking Group plc. In Section 5 of the Application form, the paragraph “The Lloyds TSB group includes all companies with the Lloyds TSB name, Cheltenham & Gloucester plc and Scottish Widows plc, and their associated companies.” should be replaced with “Your Group” means the Lloyds Banking Group, which includes you and a number of other companies using brands including Lloyds TSB, Halifax and Bank of Scotland, and their associated companies. More information on the Lloyds Banking Group can be found at www.lloydsbankinggroup.com. For these purposes "associated companies" includes Lloyds Banking Group plc and any subsidiary, affiliate or other firm directly or indirectly controlled from time to time by either Lloyds Banking Group plc or you.” All other references to Lloyds TSB Group plc and the Lloyds TSB Group should now be read as Lloyds Banking Group plc and the Lloyds Banking Group respectively.

Dated April 2009

Important Notes

The value of investments and the income from them can go down as well as up and cannot be guaranteed. An investment in a currency other than the shareholder's own currency or in a fund that invests in securities denominated in currencies other than its own base currency will be subject to the movement of foreign exchange rates. Consequently, investors may receive an amount greater or less than their original investment.

Past performance should not be seen as an indication of future performance.

To ensure security for our customers and staff and to help maintain service quality, some calls may be recorded and may be monitored.

This brochure has been issued by Lloyds TSB Offshore Fund Managers Limited and approved by Lloyds TSB Private Banking Limited, which is authorised and regulated by the Financial Services Authority.

Lloyds TSB Offshore Fund Managers Limited is not, and is not required to be authorised under the Financial Services and Markets Act 2000 of the United Kingdom and therefore the rules of the UK Financial Services Authority and the United Kingdom Financial Services Compensation Scheme do not apply to the Funds and no cancellation rights apply, however, the Funds are recognised under Section 270 of the Financial Services and Markets Act 2000.

Lloyds TSB Offshore Fund Managers Limited and Lloyds TSB Offshore Funds Limited have both been authorised by the Jersey Financial Services Commission under the Collective Investment Funds (Jersey) Law, 1988.

The registered address of Lloyds TSB Offshore Fund Managers Limited and Lloyds TSB Offshore Funds Limited is P.O. Box 160, 25 New Street, St Helier, Jersey JE4 8RG.

The supply of the product described in this document meets the provisions of The Distance Marketing of Consumer Financial Services Directive Instrument (2002/65/EC).

Please note that we are required to advise you of the possibility that there may be other costs or taxes imposed by third parties in connection with this product in addition to those described in this document. However, at the date of this document, the Directors are not aware of any such costs.

The information contained in this document does not constitute an invitation to buy or the solicitation of an offer to sell securities or accept deposits or to provide any other products or services in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation, nor should it be construed to constitute any investment advice.

Legislation or regulations in your home jurisdiction may prohibit you from entering into such a transaction with us. We reserve the right to make final determination on whether you are eligible for any products or services.

Residents or Nationals of certain jurisdictions may be subject to exchange controls and should seek independent advice before entering into any transactions with us.

Key features document

Introduction

Lloyds TSB Offshore Funds Limited (“the Company”) was incorporated in Jersey on 11th July 1983 and will exist until dissolved by Special Resolution of its Shareholders. All Shares not previously redeemed, will be redeemed on 31st December 2083. The Company is an umbrella fund designed to provide retail and corporate investors with a range of different investment opportunities for income or capital growth.

In the following pages, you will find details of the aims, risks and other principal features of the funds comprised within the Company. Please take the time to read this document carefully before investing. If you are unsure as to whether these funds are suitable for your needs, we strongly recommend that you contact your Financial Adviser for personal advice.

Please note that you may have to bear the cost of such advice. This document should be read in conjunction with the Company's Prospectus. Copies of the Prospectus, Annual Report and Audited Accounts and any subsequent interim report are available from the Manager, free of charge, on request.

Once you have read this document and decided to invest, you will find the application form on page 19.

Lloyds TSB Offshore Funds Limited

Lloyds TSB Offshore Funds Limited is a Jersey registered open ended investment company which provides investors with opportunities to invest in a range of equity, bond and deposit/money market funds. There are 11 separate share classes (“Funds”) each of which has a separate portfolio of investments and a different investment aim.

Contact Details

Lloyds TSB Offshore Fund Managers Limited,
P.O. Box 311, 11 - 12 Esplanade, St. Helier, Jersey,
Channel Islands JE4 8ZU

Telephone: + 44 (0) 1534 845555

Facsimile: + 44 (0) 1534 845556

E-mail: funds@lloydstsb-offshore.com

Website: www.lloydstsb-offshore.com/funds

Aims

Investment Objectives and Policy Growth Funds

Asian Pacific Fund

To seek long term capital appreciation through investment in securities of Asia and Australasia (excluding Japan).

The Fund will be invested primarily in a diversified portfolio of Asian (including Australasian) equities and from time to time in securities convertible into equities.

Capital Growth Fund

To seek long term capital appreciation through investment in international equity and fixed interest securities with a focus on United Kingdom securities.

The Fund will be invested in a diversified portfolio of equities and fixed interest securities. Generally, it is anticipated that the major part of the Fund's assets will be in United Kingdom equities with the balance in international equities and fixed interest securities denominated in both sterling and other currencies.

European Fund

To seek long term capital appreciation through investment in European securities.

The Fund will be invested primarily in a diversified portfolio of European (excluding the United Kingdom) equities and from time to time in securities convertible into equities.

International Fund

To seek long term capital appreciation through investment in securities world-wide.

The Fund will be invested primarily in a diversified portfolio of international equities and from time to time in securities convertible into equities.

Japanese Fund

To seek long term capital appreciation through investment in Japanese securities.

The Fund will be invested primarily in a diversified portfolio of Japanese equities and from time to time in securities convertible into equities.

North American Fund

To seek long term capital appreciation through investment in North American securities.

The Fund will be invested primarily in a diversified portfolio of North American equities and from time to time in securities convertible into equities.

UK Fund

To seek long term capital appreciation through investment in United Kingdom securities.

The Fund will be invested primarily in a diversified portfolio of United Kingdom equities and from time to time in securities convertible into equities.

Income Funds

Euro High Income Fund

To maintain a high income through investment in a spread of fixed interest securities denominated predominately in euro.

The investment policy will be directed to supporting the payment of dividends above the level of short term euro interest rates. This policy will result in a gradual reduction in the capital value of the Shares, except when bond prices generally are rising. The Fund will normally hold a relatively wide range of securities in order to keep a low level of exposure to individual bond issues other than government securities. The Fund may also hold a substantial part of its assets in bank deposits and money market instruments from time to time.

The Fund is permitted to invest in securities denominated in currencies other than euro. The current policy of the Directors is that any such investments in non-euro denominated securities should be fully hedged against euro to mitigate the effects of any exchange rate movements.

High Income Fund

To seek a high income from a spread of fixed interest securities.

The investment policy will be directed to supporting the payment of dividends above the level of short term sterling interest rates. This policy will result in a gradual reduction in the capital value of the shares, except when bond prices generally are rising. The Fund will normally hold a relatively wide range of securities in order to keep a low level of exposure to individual bond issues other than government securities. The Fund may also hold a substantial part of its assets in bank deposits and money market instruments from time to time.

The Fund is permitted to invest in securities denominated in currencies other than sterling. The current policy of the Directors is that any such investments in non-sterling denominated securities should be fully hedged against sterling to mitigate the effects of any exchange rate movements.

Sterling Bond Fund

To provide a regular income from a managed portfolio of sterling fixed interest securities with particular emphasis on those securities on which interest is paid gross to non-residents of the United Kingdom.

The investment policy will be to invest in a managed portfolio of sterling fixed interest securities which have been issued by governments, local authorities, public utilities and corporations. If it appears advisable to hold assets having a short term maturity, then the Fund may also place money on bank deposit or purchase money market instruments. Similarly, derivative instruments such as traded options and financial futures may be used to reduce risk.

Sterling Deposit Fund

To seek to maintain the capital value of the Shares and to maximise income primarily through investment in bank and building society deposits, fixed interest securities and other monetary instruments denominated in sterling.

The investment policy will be to invest primarily in short term sterling bank deposits placed with major banks and building societies. Security of capital will be a primary consideration.

Your Investment

The minimum initial investment is £1,000 (or currency equivalent) or £50, US\$100 or €100 per month through the Regular Savings Plan (see page 9), except in the case of the High Income Fund and Sterling Bond Fund where the minimum initial investment is £5,000 (or currency equivalent) and in the case of the Euro High Income Fund where the minimum is €5,000. Additional investments in any Fund may be made at any time subject to a minimum amount of £50 (or currency equivalent) (Euro High Income Fund €100).

Risk Factors

It should be remembered that the price of Shares and the income from them can go down as well as up. Consequently, and particularly in the case of early encashment, you might not get back the amount originally invested. Dividends are not guaranteed and may fluctuate in money terms. The High Income Fund and the Euro High Income Fund may purchase fixed interest securities at prices above their ultimate redemption value and this will result in a gradual reduction in the capital value of the Shares, except when fixed interest prices generally are rising. The dividend policy of the High Income Fund and the Euro High Income Fund is to pay an above average level of income and this will lead to a gradual reduction in capital except when interest rates generally are falling.

In the case of the Sterling Bond Fund, High Income Fund and Euro High Income Fund it should be noted that the interest rate on corporate bonds and most government bonds is fixed and will not increase in line with the rate of inflation.

Past performance should not be seen as an indication of future performance.

You should consider holding your investment on a medium to long term basis, for a minimum of five years but preferably ten years or more.

Market price risk

Investments are principally in equities, fixed interest securities and bank deposits dependent on each Fund's investment policy. The value of these investments are not fixed (other than bank deposits) and may go down as well as up. This may be the result of a specific factor affecting the value of an individual stock or be caused by general market factors (such as interest rates, government policy or the health of the underlying economy) which could affect the entire portfolio of a Fund. Each Fund will invest in a portfolio of securities in line with its aims as detailed on pages 2 and 3. In the case of the equity based Funds, the nature of the markets in which these Funds invest means that the short term returns may be volatile.

Interest rate risk

Each Fund receives income from its various investments. For the Sterling Bond Fund, High Income Fund and Euro High Income Fund, the income is received from investments in bonds and loan stock. The Sterling Deposit Fund receives income from investments in sterling fixed interest bank and building society deposits. The Capital Growth Fund receives part of its income from investments in UK Gilts, loan stock and international bonds.

The income received by each of these Funds is primarily fixed in nature. Income is derived from the securities held in the portfolio of each Fund which may be varied from time to time in accordance with its investment objective and policy.

Liquidity risk

Each Fund's financial assets are considered by the Manager to be readily realisable in accordance with the market practices of the exchange on which they are traded. On certain occasions this may not be possible such as at times of high volatility of world stock markets or where a stock exchange is closed or has suspended trading. The Manager manages each Fund's cash to meet its liabilities. Where investments cannot be realised in time to meet any redemptions of Shares, each Fund may borrow up to 10% of its value to ensure settlement of its liabilities.

Foreign currency risk

The Euro High Income Fund is denominated in euro. Each of the other funds is denominated in sterling.

Shareholders: Investors will need to consider the implications of investing in a Fund with a base currency which is different to their own reference currency. Such investments will be subject to the movement of foreign exchange rates which may cause additional favourable or unfavourable changes in value.

Funds: With the exception of the Sterling Deposit Fund, Sterling Bond Fund and UK Fund, each Fund may purchase securities denominated in currencies other than its base currency, and hence take a position in other currencies. A substantial portion of the financial assets of most Funds are denominated in currencies other than their base currency with the effect that the balance sheet and each Fund's total return can be significantly affected by currency movements.

The High Income Fund is permitted to invest in securities denominated in currencies other than sterling and the Euro High Income Fund is permitted to invest in securities denominated in currencies other than Euro. The current policy of the Directors is that any such investments in securities denominated in currencies other than a Fund's base currency for either Fund should be fully hedged against their base currency to mitigate the effects of any exchange rate movements.

Derivatives

Derivatives will only be used for the purposes of reducing risk where they accord with existing investment objectives and policy. They may not be used independently of investment strategy in respect of the underlying physical assets or for merely speculative purposes. Derivatives will only be used for efficient portfolio management. Derivatives may not be used for the purpose of gearing or leveraging or for the purposes of producing, enhancing or generating income. No Derivative can be traded on an Over the Counter ("OTC") basis, and no uncovered positions, where any liability is not matched by corresponding physical assets, are allowed.

Capital growth

For the High Income Fund and the Euro High Income Fund, the annual management fee and the Registrar's fees are treated as a capital expense rather than an income expense. This has the effect of reducing the capital of these Funds by 0.073% per month. The Registrar's fees are also treated as a capital expense. Charging these expenses to capital will increase the amount of income available for distribution but will constrain capital growth.

Stocklending

The Directors have considered the risks associated with Stocklending and have agreed that any such risks would be mitigated by entering into an arrangement only with a suitably experienced partner, lending only to approved counterparties and ensuring that the counterparty deposited collateral of a readily realisable nature and of sufficient value to cover the cost of the security being lent.

The Directors also propose that no such arrangement would be initiated unless the Company was in a position to derive sufficient benefit as to outweigh any potential costs and risks associated with the programme.

Counterparty risk

Certain transactions that the Company enters into expose it to the risk that the counter-party will not deliver the investment (purchase) or cash (sale) after the Company has fulfilled its responsibilities.

It is the policy of the Manager to buy and sell investments only through approved brokers.

Cross Fund liability

Shareholders should be aware that in the event of the Company being unable to meet liabilities attributable to any particular Fund out of the assets attributable to such Fund, the excess liabilities may have to be met out of the assets attributable to the other Funds.

Other risks

Our charges may have to rise in the future which could reduce the value of your investment.

The tax levels and reliefs are those applicable as at February 2008 and may change. The value of any tax advantage will depend on your individual circumstances. The taxation basis of the Company may change, with retrospective effect.

Investors should be aware that all or most of the protections afforded by the United Kingdom regulatory system do not apply.

Your questions answered

What are the product characteristics?

Lloyds TSB Offshore Funds Limited is a collective investment scheme and is organised as an investment company. It operates in a similar manner to unit trusts or mutual funds. The principle of collective investment schemes is that your money is pooled with that of other investors to make up the scheme. This enables professional investment management and facilitates diversification.

Lloyds TSB Offshore Funds Limited currently has eleven classes each with a separate pool of assets and its Directors may create further classes from time to time. The Company issues Shares to represent each investor's proportional interest in a Fund. The Company holds a permit under the Collective Investment Funds (Jersey) Law, 1988 as amended and is recognised in the United Kingdom under Section 270 of the Financial Services and Markets Act 2000.

How do I invest?

Applications may normally be made on any business day in Jersey between the hours of 9.00am and 5.00pm.

You may:-

- Contact your Financial Adviser; or
- Complete the application form on page 19 and send this together with your cheque in settlement to the Manager at the address shown on the application form or alternatively complete the Electronic Funds Transfer Form and enclose this with your application form. Please refer to Section 8 of the application form for anti-money laundering requirements and ensure that any documentation required is enclosed with your application form.
- Investments can only be made on receipt of cleared funds, a completed application form and supporting documents.

For investments in the Regular Savings Plan see page 9.

Will I receive an income?

You can choose to take income on a regular basis as it is paid or you can decide to have the income reinvested through the purchase of further Shares in the same Fund except that dividends on Shares priced in US dollars or euro will be automatically reinvested in the same Fund. It is a requirement of the Regular Savings Plan that dividends are reinvested in the same Fund. Dividends on the Euro High Income Fund are paid in euro and will automatically be reinvested unless Shareholders advise the Manager in writing. Dividends on all other Funds are paid in sterling.

Where dividends are to be reinvested they are paid to the Manager who will purchase additional Shares in the same Fund at the first available dealing price following the payment of the dividend.

Dividends, which may be subject to tax in the hands of the investor, are currently paid gross except in the following circumstances:

- Jersey residents where Jersey tax is deducted, and
- Maltese residents who have requested the deduction of Maltese Final Withholding Tax.

It is the responsibility of the investor to account to the relevant tax authority for any tax due on income received.

If you choose to take income the distribution dates for the dividends, if any, are:

Lloyds TSB Offshore Funds Limited	
High Income Fund	22nd of each month
Euro High Income Fund	Quarterly on
Sterling Bond Fund	22nd February, May,
Sterling Deposit Fund	August and November
Asian Pacific Fund	
Capital Growth Fund	
European Fund	Annually on
International Fund	22nd November
Japanese Fund	
North American Fund	
UK Fund	

The Manager estimates the Gross Redemption Yields, after charges of each of the Income funds and the Income Yield of all funds. The Gross Redemption Yield represents the total return that an investor would receive if all of the holdings within the Fund's investment portfolio were held until they reached their maturity date. The Income Yields are based upon the current sale price and anticipated dividend rate for each Fund. The estimated yields of each of the Funds differ because they each have different aims and holdings.

The estimated yields on 31st March 2008 were:

Lloyds TSB Offshore Funds Limited		
	Gross Redemption Yield	Income Yield
Asian Pacific Fund	N/A	0.31%
Capital Growth Fund	N/A	2.22%
Euro High Income Fund	4.55%	4.99%
European Fund	N/A	1.14%
High Income Fund	5.03%	6.57%
International Fund	N/A	0.27%
Japanese Fund	N/A	0.00%
North American Fund	N/A	0.18%
Sterling Bond Fund	5.15%	5.16%
Sterling Deposit Fund	N/A	4.73%
UK Fund	N/A	1.85%

At what price will I buy or sell shares?

The Manager calculates the dealing prices at which you may buy and sell Shares; the calculation of these is based upon the Manager's valuation of each Fund's portfolio on a mid price basis.

Shares will be purchased at the dealing price, plus the initial charge and any applicable dilution levy and Shares will be redeemed at the dealing price, less any applicable dilution levy. On 31st March 2008 (the latest practical date available prior to publication of this document) the differences between the cost of buying and redeeming Shares in each of the Funds as a percentage of the amount invested were as follows: 0% for the Sterling Deposit Fund, 4% for the Euro High Income Fund, High Income Fund and Sterling Bond Fund and 5% in the case of the remaining Funds.

Each Fund is generally valued at 10.00am each Dealing Day ("the Valuation Point"). Applications received by letter post by the close of business on the business day immediately preceding the relevant Dealing Day will be transacted at the next Valuation Point. Applications received by other means must be received no later than the Valuation Point on that Dealing Day in order to be transacted at that Valuation Point, otherwise they will be held over and transacted on the following Dealing Day.

The dealing prices of each Fund and its current yield are published each day in the Managed Funds Service section of the Financial Times. Prices quoted in this way will be the prices calculated on the previous Dealing Day and will not therefore be the prices at which transactions will be effected on the day such prices are published. Please note that the Manager cannot accept responsibility for the accuracy of the information published in newspapers. For current prices you should telephone us on +44 (0) 1534 845555.

Regular Savings Plan

The Regular Savings Plan is available in sterling in respect of all Funds with a minimum investment of £50 per month per Fund selected.

In addition to being available in sterling the Regular Savings Plan is also available in US dollars and euro to individuals who hold Lloyds TSB international accounts in US dollar and / or euro. The minimum investment is US\$100 or €100 per month

per Fund selected. Deals carried out under the Regular Savings Plan will be carried out on the last business day of each month. Investors' sterling bank accounts will be debited after the 20th of each month by Direct Debit. If an investor is investing in more than one Fund, their account will be debited by a separate Direct Debit for each Fund, although only one Direct Debit form needs to be completed.

Deals carried out in US dollars and / or euro will be carried out on the last business day of each month. Investors' currency accounts will be debited on or after the 22nd of each month by Standing Order. An investor saving in more than one Fund will have their account debited by a separate Standing Order for each Fund, although only one Standing Order form should be completed for each currency. An investor wishing to save in both US dollars and euro should complete a separate Standing Order form for each currency.

Dividends must be reinvested in the purchase of further Shares in the same Fund.

Shareholders wishing to stop investing in the Regular Savings Plan should inform the Manager in writing, as well as cancelling their Standing Order or Direct Debit with the branch which holds the account. The Manager will stop all further investments. The Shares acquired may be retained at the investor's option where payments equal to or greater than the Minimum Holding have been made. Otherwise they will be sold by the Manager and the proceeds remitted to the investor. Please ensure that Lloyds TSB Offshore Fund Managers Limited are informed of any changes to payment amounts and/or currencies. Failure to advise details of any changes may cause delay in processing payments and deals.

How often do the prices of shares change?

Each Fund is normally valued at 10.00am on each business day for the purpose of calculating the dealing prices. All Funds (except for the Euro High Income Fund) are priced in sterling and the growth funds are also priced in US dollars and euro.

The Euro High Income Fund is only priced in euro. The Manager may carry out additional valuations in accordance with the regulations governing the Funds.

How can I sell my holdings?

You can sell all or part of your share holdings subject to retaining the minimum initial investment in any of the Funds normally on any business day in Jersey between the hours of 9.00am and 5.00pm. Each Fund is generally valued at 10.00am each Dealing Day. Repurchase requests received by letter post by the close of business on the business day immediately preceding the relevant Dealing Day will be transacted at the dealing price, less any applicable dilution levy at the next Valuation Point. Repurchase requests received by other means must be received no later than the Valuation Point on that Dealing Day in order to be transacted at that Valuation Point, otherwise they will be held over and transacted at the Valuation Point on the following Dealing Day.

We will arrange settlement within 5 working days of receiving your original written request, signed by all Shareholders and any relevant share certificate(s), if applicable. Repurchase proceeds will normally be paid by electronic means as appropriate for the currency and sum involved to the bank and account nominated in section 3 of the application form. If this is not practical or no Nominated Bank Account details have been given, redemption proceeds will be paid by cheque, except in the case of the Euro High Income Fund where proceeds will be paid by euro denominated draft. Settlement will normally be made in sterling, except in the case of the Euro High Income Fund when proceeds will normally be paid in euro. In the case of the growth funds where the investment was made in US dollars or euro, settlement will be made in the same currency. Payments will only be made to, or for the account of any or all of the registered Shareholder(s). Any charges in respect of effecting transfers are deductible from repurchase proceeds. Settlement by sterling cheque or euro draft will be posted to the Shareholder at their own risk.

Can I switch my investment between Funds/Classes?

You may exchange Shares of one Fund/Class for Shares of another Fund/Class subject to the amount exchanged having a minimum value of £1,000 (or currency equivalent) and the resultant Shareholdings must meet the minimum holding requirements for the respective funds (see "Your Investment" on page 4). The Manager may make a charge equal to the difference in the initial charge previously paid on the Shares being exchanged and the current initial charge on the Shares being acquired. Otherwise shares being exchanged will be sold

at that Fund's dealing price less any applicable dilution levy and the Shares being acquired will be purchased at that Fund's dealing price plus any applicable dilution levy and excluding the initial charge.

What is the tax position of the Company?

The Company has been granted Exempt Company status in Jersey and is regarded as non resident for Jersey tax purposes. It is exempt from Jersey Income Tax on income arising outside Jersey and, by concession, on any bank interest arising in Jersey. The Company is liable to the Exempt Company charge currently at the rate of £600 per annum. Capital gains realised within the Company are free of capital gains tax. Under proposals to reform Jersey's tax system, with effect from 1st January 2009 the Exempt Company status will not exist. As such the Company will no longer be subject to the payment of tax in Jersey.

What is the tax position of Investors?

The tax information contained in this document is based upon Lloyds TSB's interpretation of current law and practice as at February 2008 and is, therefore, liable to be changed by any subsequent Act or budget, or amendment thereto, which could be with retrospective effect.

It is the responsibility of the investor to account to the relevant tax authority for any tax due on income received. Tax treatment depends on the individual circumstances of the investor and prospective shareholders should inform themselves of, and where appropriate take advice on, the tax consequences applicable to the subscription, holding and redemption of Shares in their country of citizenship, residence or domicile.

Jersey does not levy taxes on capital, inheritance, capital gains, gifts or turnover.

It will be necessary to take out a Jersey Grant of Probate or Letters of Administration on which stamp duty is payable on the death of a sole holder of Shares. Other than personal application by the appointed Executor/Administrator, they may only be obtained through a Jersey advocate or solicitor or an authorised Jersey trust company which will be at a charge.

The Manager may, at its absolute discretion, waive the requirement for Jersey Grant of Probate or Letters of

Administration on receipt of satisfactory documentary or other information as to entitlement and security where:-

- the shareholder dies domiciled in the United Kingdom, Guernsey or the Isle of Man; and
- the aggregate value of the deceased's Jersey Estate held by the Company does not exceed £10,000 (or other amount prescribed from time to time); and
- where the release of the asset is to the person who would be entitled to receive such asset under a will or intestacy. The Manager may require an indemnity from the receiving party for such payment to be made.

Jersey Investors

Jersey Income Tax at the prevailing rate will be deducted from dividends paid to Jersey residents.

United Kingdom Investors

Income tax

- (i) Income tax is payable on dividends paid at 10% or 32.5% depending upon an investor's personal circumstances. Individuals may benefit from personal or other reliefs in respect of dividends paid.

Capital gains tax

- (ii) Capital gains tax is payable at the investor's prevailing rate of income tax on net gains realised in any financial year which exceed the current exemption limit.

Further details of the taxation basis and levels can be found in the Company's Prospectus.

What information will I receive?

Applications will not be acknowledged however we will send you a contract note detailing the terms of your investment on the next business day after your transaction is effected, except in the case of regular savers who will receive a half yearly statement.

Share certificates are not issued.

We will send you the Company's Report and Accounts at the end of May and November each year. Statements of the value of your holding(s) will be sent to you on request and can be set up on a regular basis.

How will charges and expenses affect my investment?

The effect of charges and expenses on an investment of £10,000 is set out in the tables appearing on the next three pages. An assumed growth rate of 7.0% is used for all Funds. The assumed growth rate is not guaranteed and is not necessarily representative and is purely used for the purposes of demonstrating the effect of charges and expenses on an investment of £10,000.

The buying price of shares includes an initial charge and each month an amount equal to $\frac{1}{2}$ of a Fund's annual management fee will be deducted from the Fund for the benefit of the Manager.

In addition, certain expenses are charged to each Fund and these charges are taken into account when determining the price of Shares. These costs include Custodian fees, regulatory fees, auditors fees and printing costs.

All fees and expenses are taken from income, with the exception of the High Income Fund and Euro High Income Fund from which the annual management fee and Registrar's fees are charged to the capital of the Fund. This has the effect of reducing the capital of the Funds by 0.073% per month.

These charges are summarised below:

Lloyds TSB Offshore Funds Limited			
	Initial Charge %	Management Fee %	Other Expenses %
Asian Pacific Fund	5	1.5	0.91
Capital Growth Fund	5	1.5	0.33
European Fund	5	1.5	0.51
Euro High Income Fund	4	0.875	0.46
High Income Fund	4	0.875	0.23
International Fund	5	1.5	0.43
Japanese Fund	5	1.5	0.96
North American Fund	5	1.5	0.42
Sterling Bond Fund	4	0.875	0.24
Sterling Deposit Fund*	0	0.20	0.18
UK Fund	5	1.5	0.37

*With effect from 20th May 2008, the Manager has agreed to reduce the management fee of the Sterling Deposit Fund from 0.625% to 0.20% per annum. The Custodian, Capita Trust Company (Jersey) Limited, has also agreed to reduce the Custodian fee of the Fund from 0.10% per annum to 0.05% per annum, with effect from the same date. It is the intention that these reductions are for a temporary period only and the fees will revert to their former levels at some time in the future. Investors will receive a minimum of three months prior notice of the ending of the reduction.

Shares are purchased and redeemed at the dealing price. Any difference between these prices is restricted to the amount of the initial charge and any applicable dilution levies.

Asian Pacific Fund

		Income Distributed			Income Reinvested	
At end of year	Investment to date	Effect of deductions to date	Income to date	What you might get back at 7.0%	Effect of deductions to date	What you might get back at 7.0%
1	£10,000	£777	£32		£779	
3		£1,420	£101		£1,430	
5		£2,200	£176	£11,600	£2,220	£11,700
10		£4,930	£391	£14,200	£5,010	£14,600

The last line in the table shows that over 10 years the effect of total charges and expenses could amount to £4,930 in the case of distributed income and £5,010 where income is reinvested. Putting it another way, this would have the same effect as bringing the illustrated investment growth from 7% a year down to 3.9% a year. Please note that the assumed growth rate of 7% is used purely for illustrative purposes and is not an indicator of future performance.

Capital Growth Fund

		Income Distributed			Income Reinvested	
At end of year	Investment to date	Effect of deductions to date	Income to date	What you might get back at 7.0%	Effect of deductions to date	What you might get back at 7.0%
1	£10,000	£719	£233		£731	
3		£1,220	£718		£1,270	
5		£1,810	£1,220	£10,800	£1,930	£12,000
10		£3,810	£2,620	£12,200	£4,290	£15,300

The last line in the table shows that over 10 years the effect of total charges and expenses could amount to £3,810 in the case of distributed income and £4,290 where income is reinvested. Putting it another way, this would have the same effect as bringing the illustrated investment growth from 7% a year down to 4.5% in the case of distributed income and to 4.4% where income is reinvested. Please note that the assumed growth rate of 7% is used purely for illustrative purposes and is not an indicator of future performance.

European Fund

		Income Distributed			Income Reinvested	
At end of year	Investment to date	Effect of deductions to date	Income to date	What you might get back at 7.0%	Effect of deductions to date	What you might get back at 7.0%
1	£10,000	£738	£120		£743	
3		£1,280	£372		£1,310	
5		£1,940	£642	£11,300	£2,010	£12,000
10		£4,210	£1,410	£13,500	£4,480	£15,100

The last line in the table shows that over 10 years the effect of total charges and expenses could amount to £4,210 in the case of distributed income and £4,480 where income is reinvested. Putting it another way, this would have the same effect as bringing the illustrated investment growth from 7% a year down to 4.3% a year. Please note that the assumed growth rate of 7% is used purely for illustrative purposes and is not an indicator of future performance.

Euro High Income Fund

		Income Distributed			Income Reinvested	
At end of year	Investment to date	Effect of deductions to date	Income to date	What you might get back at 7.0%	Effect of deductions to date	What you might get back at 7.0%
1	£10,000	£562	£506		£585	
3		£921	£1,520		£1,020	
5		£1,330	£2,540	£9,690	£1,560	£12,400
10		£2,650	£5,107	£9,790	£3,480	£16,100

The last line in the table shows that over 10 years the effect of total charges and expenses could amount to £2,650 in the case of distributed income and £3,480 where income is reinvested. Putting it another way, this would have the same effect as bringing the illustrated investment growth from 7% a year down to 5.0% in the case of distributed income and to 4.9% where income is reinvested. Please note that the assumed growth rate of 7% is used purely for illustrative purposes and is not an indicator of future performance.

High Income Fund

		Income Distributed			Income Reinvested	
At end of year	Investment to date	Effect of deductions to date	Income to date	What you might get back at 7.0%	Effect of deductions to date	What you might get back at 7.0%
1	£10,000	£538	£656		£569	
3		£839	£1,940		£968	
5		£1,170	£3,200	£9,030	£1,460	£12,500
10		£2,230	£6,220	£8,500	£3,220	£16,400

The last line in the table shows that over 10 years the effect of total charges and expenses could amount to £2,230 in the case of distributed income and £3,220 where income is reinvested. Putting it another way, this would have the same effect as bringing the illustrated investment growth from 7% a year down to 5.2% a year in the case of distributed income and to 5.1% where income is reinvested. Please note that the assumed growth rate of 7% is used purely for illustrative purposes and is not an indicator of future performance.

International Fund

		Income Distributed			Income Reinvested	
At end of year	Investment to date	Effect of deductions to date	Income to date	What you might get back at 7.0%	Effect of deductions to date	What you might get back at 7.0%
1	£10,000	£729	£28		£730	
3		£1,260	£89		£1,270	
5		£1,910	£156	£11,900	£1,930	£12,000
10		£4,220	£351	£14,900	£4,280	£15,300

The last line in the table shows that over 10 years the effect of total charges and expenses could amount to £4,220 in the case of distributed income and £4,280 where income is reinvested. Putting it another way, this would have the same effect as bringing the illustrated investment growth from 7% a year down to 4.4% a year. Please note that the assumed growth rate of 7% is used purely for illustrative purposes and is not an indicator of future performance.

Japanese Fund

		Income Distributed			Income Reinvested	
At end of year	Investment to date	Effect of deductions to date	Income to date	What you might get back at 7.0%	Effect of deductions to date	What you might get back at 7.0%
1	£10,000	£796	£0		£796	
3		£1,480	£0		£1,480	
5		£2,320	£0	£11,700	£2,320	£11,700
10		£5,250	£0	£14,400	£5,250	£14,400

The last line in the table shows that over 10 years the effect of total charges and expenses could amount to £5,250. Putting it another way, this would have the same effect as bringing the illustrated investment growth from 7% a year down to 3.7% a year. Please note that the assumed growth rate of 7% is used purely for illustrative purposes and is not an indicator of future performance.

North American Fund

		Income Distributed			Income Reinvested	
At end of year	Investment to date	Effect of deductions to date	Income to date	What you might get back at 7.0%	Effect of deductions to date	What you might get back at 7.0%
1	£10,000	£728	£19		£729	
3		£1,260	£59		£1,260	
5		£1,910	£104	£11,900	£1,920	£12,000
10		£4,210	£235	£15,100	£4,260	£15,400

The last line in the table shows that over 10 years the effect of total charges and expenses could amount to £4,210 in the case of distributed income and £4,260 where income is reinvested. Putting it another way, this would have the same effect as bringing the illustrated investment growth from 7% a year down to 4.4% a year. Please note that the assumed growth rate of 7% is used purely for illustrative purposes and is not an indicator of future performance.

Sterling Bond Fund

At end of year	Investment to date	Income Distributed			Income Reinvested	
		Effect of deductions to date	Income to date	What you might get back at 7.0%	Effect of deductions to date	What you might get back at 7.0%
1	£10,000	£539	£524		£563	
3		£848	£1,570		£949	
5		£1,200	£2,630	£9,710	£1,420	£12,600
10		£2,330	£5,290	£9,830	£3,130	£16,500

The last line in the table shows that over 10 years the effect of total charges and expenses could amount to £2,330 in the case of distributed income and £3,130 where income is reinvested. Putting it another way, this would have the same effect as bringing the illustrated investment growth from 7% a year down to 5.3% a year in the case of distributed income and to 5.2% where income is reinvested. Please note that the assumed growth rate of 7% is used purely for illustrative purposes and is not an indicator of future performance.

Sterling Deposit Fund

At end of year	Investment to date	Income Distributed			Income Reinvested	
		Effect of deductions to date	Income to date	What you might get back at 7.0%	Effect of deductions to date	What you might get back at 7.0%
1	£10,000	£39	£539		£40	
3		£128	£1,630		£137	
5		£230	£1,750	£10,500	£261	£13,700
10		£566	£5,660	£11,100	£724	£18,900

The last line in the table shows that over 10 years the effect of total charges and expenses could amount to £566 in the case of distributed income and £724 where income is reinvested. Putting it another way, this would have the same effect as bringing the illustrated investment growth from 7% a year down to 6.6% a year. Please note that the assumed growth rate of 7% is used purely for illustrative purposes and is not an indicator of future performance.

UK Fund

At end of year	Investment to date	Income Distributed			Income Reinvested	
		Effect of deductions to date	Income to date	What you might get back at 7.0%	Effect of deductions to date	What you might get back at 7.0%
1	£10,000	£723	£194		£733	
3		£1,230	£600		£1,270	
5		£1,840	£1,030	£10,900	£1,940	£12,000
10		£3,910	£2,220	£12,700	£4,310	£15,300

The last line in the table shows that over 10 years the effect of total charges and expenses could amount to £3,910 in the case of distributed income and £4,310 where income is reinvested. Putting it another way, this would have the same effect as bringing the illustrated investment growth from 7% a year down to 4.4% a year. Please note that the assumed growth rate of 7% is used purely for illustrative purposes and is not an indicator of future performance.

How much will any advice cost?

Your financial adviser will give you details about his/her own costs. The amount may depend upon the size of your investment and in the case of regular savings, the period for which you make them.

Commission may be payable to approved intermediaries upon the purchase of Shares. It will be paid out of the Manager's charges and not those of the Company.

Information concerning commission is available on request from the Manager and will be included in the information sent to you upon the purchase of Shares.

Any commission due other than trail commission will normally be paid within one month of the Shares being entered on to the register of Shareholders, subject to the completion of any necessary documentation.

Further information

Can I change my mind?

The cooling off period applicable to UK unit trusts does not apply to offshore funds. You can however, sell your investment as explained on page 9.

Who is the Manager?

Lloyds TSB Offshore Fund Managers Limited,
Registered Office
P.O. Box 160, 25 New Street, St. Helier, Jersey,
Channel Islands JE4 8RG.

Principal Place of Business
P.O. Box 311, 11-12 Esplanade, St. Helier, Jersey,
Channel Islands JE4 8ZU.

The Manager holds a permit under the Collective Investment Funds (Jersey) Law, 1988, as amended.

Who is the Custodian?

Capita Trust Company (Jersey) Limited,
Registered Office
12 Castle Street, St. Helier, Jersey, Channel Islands JE2 3RT.

The Custodian holds a permit under the Collective Investment Funds (Jersey) Law, 1988, as amended.

Who is the Investment Manager?

Scottish Widows Investment Partnership Limited, 10 Fleet Place, London EC4M 7RH, England which is authorised and regulated by the Financial Services Authority of the United Kingdom.

Who is the Auditor?

PricewaterhouseCoopers CI LLP, Twenty Two Colomberie, St Helier, Jersey, Channel Islands JE1 4XA.

Who is the Regulator?

Jersey Financial Services Commission, PO Box 267, 14-18 Castle Street, St. Helier, Jersey, Channel Islands JE4 8TP.

What can I do if I want to complain?

Queries and complaints should be sent to the Manager who will investigate all complaints. A leaflet entitled "How to voice your concerns – resolving your complaints with us" is available from the Manager or on application in writing from P.O. Box 160, 25 New Street, St. Helier, Jersey JE4 8RG. If you are not satisfied you have the right to complain directly to the Jersey Financial Services Commission, P.O. Box 267, 14-18 Castle Street, St. Helier, Jersey, Channel Islands JE4 8TP.

What are the compensation arrangements?

The Financial Services and Markets Act 2000 of the United Kingdom and the rules and regulations of the Financial Services Compensation Scheme made under that Act do not apply to the Company. Investors are however protected under a comparable Jersey Compensation Scheme and further details are available on request.

Where can I get further information?

In the first instance, contact your Financial Adviser or the Manager. Copies of the Company's Prospectus and the most recent annual and any subsequent interim Report and Accounts may be obtained free of charge on request from the Manager.

Information disclosure

The Manager conducts its business in accordance with legal and regulatory requirements locally, including anti-money laundering requirements which require the Manager to disclose information that would otherwise be confidential in circumstances where the Manager suspects its client of benefiting from or engaging in criminal activity including tax fraud.

In what jurisdictions is the Company authorised?

Cyprus – The Company and its sub-funds have been granted authorisation to market their shares in the Republic of Cyprus through Lloyds TSB Offshore Limited by virtue of sub sections (3)(a) and (5) of section 130 of the Open Ended Undertakings for Collective Investment in Transferable Securities (UCITS) and Related Issues Law of 2004.

Gibraltar – The Company is a recognised scheme under the provisions of Section 40 of the Financial Services (Collective Investment Schemes) Ordinance 2005.

Guernsey – The Company is authorised to be promoted in Guernsey by Lloyds TSB Offshore Limited under the Protection of Investors (Bailiwick of Guernsey) Law, 1987.

Republic of Ireland – The Fund has been approved to market its shares to the public in the Republic of Ireland by the Irish Financial Services Regulatory Authority under Section 256(8) of the Companies Act, 1990, Part XIII and Section 9 of the Unit Trusts Act, 1990.

Isle of Man – The Company is a recognised scheme in the Island under section 12(1) of the Financial Supervision Act 1988.

Malta – The Company has been granted a Collective Investment Scheme License by the Malta Financial Services Authority under the provisions of the Investment Services Act 1994.

South Africa – The Company has been approved for sale by the South African Financial Services Board under section 65 of the Collective Investment Schemes Control Act 2002.

United Kingdom – The Company has been classed as a 'recognised' scheme by the Financial Services Authority.

Please Note

This document was printed in May 2008.

It is normally reviewed annually so some of the information in it may have since changed.

If you wish to check any of the information contact your Financial Adviser or the Manager.

The annual and initial charges and spreads shown in this document and used in the calculation of the effects of charges were those current on 31st March 2008, except for Sterling Deposit Fund which was current on 20th May 2008.

The 'other expenses' have been calculated by the Manager using the last published audited Report and Accounts.

Contact Details

Lloyds TSB Offshore Fund Managers Limited,
P.O. Box 311, 11-12 Esplanade, St. Helier, Jersey,
Channel Islands JE4 8ZU

Telephone: + 44 (0) 1534 845555

Facsimile: + 44 (0) 1534 845556

E-mail: funds@lloydstsb-offshore.com

Website: www.lloydstsb-offshore.com/funds

E-mail Policy

Please note that messages sent by e-mail may not be secure and may be intercepted by third parties. For these reasons, please do not use e-mail to send us communications which contain confidential information or instructions as we require these instructions to be in writing. If you disregard this warning and choose to send us confidential information, you agree that you do so at your own risk and that you will not hold the Manager responsible for any loss you suffer as a result.

If your e-mail message contains any instructions in relation to your account it will be ignored and as a consequence we will not:

- Purchase, sell, redeem, repurchase, exchange or convert Shares in any fund,
- Transfer funds,
- Make payments of any kind,
- Stop payments,
- Change personal data,
- Provide valuations.

Glossary

Contract note

The written confirmation of a sale or purchase of Shares giving details of the number of Shares, the price and date relating to the transaction. The Fund Manager produces this document once the bargain has been struck.

Cooling off period

A period of ten days running from the date on which a contract for an investment is deemed to have been entered into, during which period the investor is able to change their mind and cancel the contract. This is a statutory right under the Financial Services Act (Cancellation) Rules 1987 which does not apply to investments in offshore funds, including this Fund.

Custodian

A bank or financial institution, independent of the Fund Manager, appointed by the Fund and the Fund Manager for the purpose of holding assets on behalf of the Fund for safekeeping.

Derivative

Financial instruments sometimes used within a portfolio of investments which allow investors to hedge against price movement.

Equities

A term relating to investments in shares in a company listed on a stock exchange.

Hedging transactions

A transaction carried out in order to reduce or eliminate an unwanted effect. May be used where, for example, it is desired to take advantage of higher interest rates in other currencies but a hedging transaction is entered into in order to negate an expected potential adverse movement in the exchange rates.

Intermediaries

These are independent financial advisers or institutions/companies that provide advice on investment products, including offshore funds.

Net Asset Value

The value of a fund based on the market values of the underlying assets, taking into account cash balances and all other assets and liabilities of the fund. The Net Asset Value per share is calculated by dividing this figure by the number of Shares in issue.

Open-ended investment company

A generic term describing a type of collective investment scheme which is incorporated as a limited company. The number of Shares in issue in an Open-ended investment company will vary according to the demand for the shares from investors.

Recognised scheme

A term indicating that the fund meets certain criteria as set out by the Financial Services Authority and is able to be marketed and sold in the United Kingdom.

Redemption

The transaction when an investor sells their shares back to the Fund or the Manager. This may also be called a "Repurchase".

Securities

A general term referring to a wide range of different investments such as shares, debentures, government securities, unit trusts and collective investment schemes.

Trail commission

Commission paid by the Fund Manager to an agent or IFA for introducing business. This commission is paid on an ongoing basis, normally for the time that the money remains invested in the Fund, and is not a one off payment.

Yield

A term used for the rate of income from an investment, which is expressed in percentage terms and is based on the capital value of the investment. It provides an indication of the rate of return that an investor may receive when purchasing the investment at the price on which the yield has been calculated. The yield on the funds will vary from day to day according to the income generated by the underlying investments in the fund and the current dealing price.

www.lloydstsb-offshore.com/funds

